

### China - Japan - South Korea: a tense ménage à trois

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# SWP Research Paper

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## China – Japan – South Korea

A Tense Ménage à Trois

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### **China – Japan – South Korea A Tense Ménage à Trois**

China, Japan and South Korea are the largest economies in East Asia and, as such, play a decisive role in the region's prosperity and stability. A trilateral format for talks between the three states was triggered by the Asian financial crisis of the late 1990s. Since 2008, separate summit meetings, a secretariat and a series of specialist meetings have been established within this framework to explore possibilities for establishing closer economic and (security-) policy cooperation. This mechanism can contribute to stabilising a region characterised by growing tensions and security risks – particularly in relations between the three states. Our study presents both the respective bilateral relations within this triad and the successes, setbacks and limitations of the trilateral format to date.

The US and North Korea also play an important part in the security complex of Northeast Asia. Japan and South Korea are formal Washington allies while Sino-US relations are increasingly characterised by strategic rivalry. North Korea continues to be supported by China, but South Korea, Japan and the US view it as a threat to peace and stability in the region. This complicated and fluid context raises the question of just how robust the trilateral format is.

The study reaches the following conclusions:

- ▶ China's and South Korea's respective political relations with Japan suffer from two structural problems: first, history and its contrasting interpretations; second, territorial disputes that have been smouldering for decades. Beijing and Seoul have comparable points of conflict, but they only have a limited impact on their bilateral relations. Japan sees not only North Korea but increasingly also China as a security threat because the latter has increased its (para)military activities in waters claimed by Japan. As yet, South Korea does not share this perception of China as a danger.
- ▶ Nationalist politicians have assumed the leadership of all three countries – Xi Jinping in China, Abe Shinzo in Japan, and (recently ousted) Park Geun-hye in South Korea. This initially reinforced the negative trajectory in Beijing's and Seoul's relations with Tokyo while Xi and Park became closer.

These political trends are also reflected in public opinion in the three countries.

- ▶ Trade links between the three countries are close, especially since China's accession to the World Trade Organisation (WTO) in 2001. However, the three increasingly view each other as competitors in the global market. Japan and South Korea have invested heavily in China since the 1990s, yet they do not feature among the most targeted countries for Chinese investment.
- ▶ The US plays a central role in the three Northeast-Asian states' relations with each other. Its military alliances with Japan and South Korea make Beijing suspicious. The US is trying to improve the fraught Japanese-Korean relations in order to drive forward trilateral cooperation on security matters with its allies. For China, this is part of a strategy to encircle and contain it; it views the US as a strategic rival despite being economically interwoven with it.
- ▶ Relations within the trilateral format are also shaped – and, in the case of South Korea and China, often disturbed – by North Korea. Beijing continues to grant Pyongyang material aid to prevent the country's collapse, despite its growing frustration over Kim Jong-un's unilateral actions. South Korea is certainly aware that there can be no solution to the Korea issue without China (and the US), but it has little sympathy for Beijing's taking sides with the North.
- ▶ The specific catalyst for the creation of the China-Japan-South Korea format was the Asian financial crisis, which made it desirable to reinforce economic cooperation between the Association of Southeast Asian Nations, ASEAN, and the three large partner countries (known as ASEAN Plus Three or APT). As early as 2001, the trio started to confer independently of ASEAN on such topics as environmental protection and fishing. It established a series of trilateral talk formats between ministries, but also informal dialogues. Annual summits between heads of government were initially held on the fringes of APT meetings.
- ▶ After a break in 2005, the trilateral cooperation was intensified, expanded and institutionalised from 2007 to 2012. The impetus was the change of government in Japan and South Korea and the global financial crisis of 2008/2009. However, renewed bilateral tensions between Japan and the other two states – triggered by island disputes – led to the suspension of high-ranking official meetings in 2013 and 2014. In less sensitive areas, such as the environment and disaster prevention, the rounds of talks continued. The trilateral secretariat set up in South Korea also continued its activities and kept communication going at the operational level.
- ▶ While tensions with Japan persisted, all three states, and especially South Korea, sought to revive the trilateral format from late 2014 onwards. In 2015 there were meetings not only of foreign ministers but of heads of government as well. Negotiations resumed on a trilateral free-trade agreement, but no timetable was set for their conclusion. Whilst there was talk of fully normalised relations between the three states, in 2016 the trilateral configuration remained fragile and susceptible to bilateral mood changes.
- ▶ Thus far, the balance sheet of the trilateral format's achievements in practical cooperation is mixed, but rather modest. Specifically, security policy remains essentially limited to non-traditional areas, such as counter-terrorism and disaster prevention. More progress has been made in environmental protection and the economy.
- ▶ The trilateral format is nevertheless significant in that it offers a formalised framework for exchanging views and initiating joint projects. In times of heightened bilateral tensions, this also keeps open channels of communication below the level of "high politics". Trilateral meetings can be innocuous even when the political atmosphere makes bilateral meetings seem impossible.

# Introduction

Political tensions are growing between China, Japan and South Korea, the three most important economies in Northeast Asia. Sino-Japanese relations in particular are characterised by suspicions despite their economic cooperation; Korean-Japanese relations are also fraught. What has been lacking is a regional organisation or institution that could play a stabilising role. The hope that such an organisation might emerge from the Six-Party Talks<sup>1</sup> is unlikely to be realised in the foreseeable future. This study therefore addresses a different constellation, which has so far received little attention: the trilateral cooperation between China, Japan and South Korea. This began as part of the Asian financial crisis in the late 1990s and later led to independent summit meetings and the creation of a shared secretariat. However, political tensions between the three countries meant that no meetings were held at the highest level from 2012 to 2014. It was not until 2015 that there were significant renewed efforts to revive the format and drive it forward.

This study focuses on the period starting with the changes of leadership in the three states involved: Xi Jinping assuming the offices of party chairman and president of China (November 2012, March 2013), Abe Shinzo being re-elected as prime minister of Japan (December 2012), and Park Geun-hye gaining the presidency of South Korea (February 2013). All three were known as strong leaders and, given their power and mandates, were thought capable of taking courageous political steps in their respective countries. However, in December 2016, President Park was provisionally removed from office by the South Korean parliament over a corruption and cronyism scandal. In March 2017, the Constitutional Court upheld the impeachment decision, forcing Park from office and triggering procedures for an early presidential election.

In a speech to the US Congress in May 2013, President Park pointed to what she called “Asia’s paradox”

<sup>1</sup> The Six-Party Talks were launched in 2003 to convince North Korea via negotiations to abandon its nuclear programme. The participants were both Koreas, China, the US, Russia and Japan. Agreements were reached in 2005 and 2007/2008, which turned out to be shortlived. There have been no further six-party talks since 2009.

– the contradiction between growing economic interdependence and lasting deficits in political and security cooperation in Northeast Asia.<sup>2</sup> Even though Park referred to a “disconnect” between these two spheres, it raises the question of possible spill-over effects. Does economic integration have a stabilising impact on political relations or does the worsening of political relations, on the contrary, take a toll on economic interaction?

This study examines the bilateral dynamics between the three states, the reasons behind the revival of the trilateral talks and the format’s potential – topics that have hitherto rarely been subjected to scholarly analysis. The central question it addresses is whether trilateral cooperation can establish a new pattern of interaction in Northeast Asia or whether this process only confirms and reproduces already existing, primarily negative trends. The study focuses on examining developments in the three dyads (meaning the bilateral relations), and providing a systematic overview of the current extent of trilateral cooperation. It looks at the following issues:

- ▶ Is there a correlation between bilateral relations and trilateral cooperation? Under what circumstances did increased cooperation between the three countries come about?
- ▶ In which areas has trilateral cooperation made substantial progress, and in which are trilateral talks still difficult?
- ▶ What are the three parties’ expectations in reviving the talks? Are there interests that they can best (or only) pursue within the trilateral format?
- ▶ How do the US and North Korea influence the tripartite configuration?

<sup>2</sup> See “Full Text of Park’s Speech at U.S. Congress”, *Yonhap News Agency*, 8 May 2013, <http://english.yonhapnews.co.kr/national/2013/05/08/4/0301000000AEN20130508010800315F.HTML> (accessed 1 August 2016). Chinese authors have adopted the expression and refer to a “politics/economy paradox” (*zhengjing beilun*). See Wang Lin and Huang Peng, “Jiakuai Zhong Ri Han zimaoku tanpan mianlin de huanjing yu zhanlue quxiang” [Environment and strategic direction for accelerating the China-Japan-Korea free trade zone], *Duiwai Jingmao Shiwu*, no. 2 (2015): 21–24 (22).



We consider China, Japan and South Korea to be part of a “regional security complex” that also includes the US and North Korea.<sup>3</sup> This security complex is characterised by various kinds of interdependence (connoted both positively and negatively) between the states in the region. Geographical proximity thus plays an important part in security relations because threats manifest themselves more easily over short distances than longer ones. Nevertheless, even extra-regional actors (for instance the US) can be part of a regional security complex if they exert substantial influence over the security situation there.<sup>4</sup> In any case, interdependence in security matters is stronger between states within the security complex than in relation to external states. According to Barry Buzan, security complexes are subsystems of the international system with their own structures and patterns of interaction. A security complex can be defined as a “set of units whose major processes of securitization, desecuritization, or both are so interlinked that their security problems cannot reasonably be analyzed or resolved apart from one another.”<sup>5</sup> From this perspective, security is not an objective state, but the result of a social process.

To understand relations between the three countries, it is imperative to consider history – not least because contrasting or competing narratives about the past continue to have an impact and impede co-operation.

<sup>3</sup> Barry Buzan, Ole Wæver and Jaap de Wilde, *Security: A New Framework for Analysis* (London, 1998).

<sup>4</sup> David A. Lake and Patrick M. Morgan, “The New Regionalism in Security Affairs”, in *Regional Orders: Building Security in a New World*, ed. David A. Lake and Patrick M. Morgan (University Park, PA: Pennsylvania University Press, 1997), 3–19 (12).

<sup>5</sup> Buzan, Wæver and de Wilde, *Security* (see note 3), 201.

# Bilateral Relations: The Three Dyads

Bilateral relations between the three countries are complicated, and each political relationship is always partly shaped by issues of historical interpretation, especially as regards China's and South Korea's view of Japan. Economic relations between the three countries continue to be close, but economic interdependence and complementarity are on a downward trend whilst competition is growing. In each of the three states, public opinion about the other two is also worsening, making a rapprochement risky in the domestic political context. As Japan's ally and China's strategic competitor, the US has a decisive influence on the constellation of the three states and is an integral part of the Northeast-Asia security complex.

## China and Japan: Relative Rise and Decline

### Political Relations

China and Japan normalised their relations in 1972 when Washington – to Japan's surprise – decided to initiate diplomatic relations with the People's Republic of China.<sup>6</sup> The political relationship between Tokyo and Beijing cannot be understood without reference to the territorial and maritime conflict over five uninhabited islands in the East China Sea, known in Japanese as the Senkaku Islands, in Chinese as the Diaoyu Islands (see map). The US returned these islands to Japan along with Okinawa in 1971; they have since been under Japanese administration and control. Beijing argues that the islands have been part of Chinese territory for centuries and that Japan seized them in the Sino-Japanese War of 1895.<sup>7</sup> Tokyo

<sup>6</sup> After a secret visit to Beijing by the then-US Security Advisor Henry Kissinger in 1971, and the US's subsequent change of direction officialised by President Richard Nixon's visit, other Western states also established diplomatic relations with the People's Republic of China. Moreover, in 1971 the PRC was accepted into the United Nations where it assumed the Republic of China's permanent seat on the Security Council.

<sup>7</sup> The 1895 Treaty of Shimonoseki forced defeated China to cede the island of Taiwan to Japan. Taiwan was only returned to the Republic of China in 1945, after the end of World War II in the Pacific. The Republic's President, Chiang Kai-shek,

claims that it annexed the islands as *terra nullius* (no man's land).

### Map

Northeast Asia, showing the disputed islands



Source: "Ripping Yarns: History Wars in North-East Asia", *The Economist*, 18 August 2012, <http://www.economist.com/node/21560617> (accessed 24 February 2017).

The representation of history in school textbooks also regularly causes conflicts because of contrasting historical perspectives. Controversy is likewise fanned by the visits of high-ranking Japanese politicians or even prime ministers to the Yasukuni Shrine, which commemorates Japanese war dead, including 14 found guilty of Class A war crimes (crimes against peace) in World War II. China and Korea accuse Japan of not critically confronting its World War II atrocities and not sufficiently apologising for them. Tokyo, by contrast, points to repeated apologies by its prime ministers and the generous economic and developmental aid it provided to its neighbouring countries once relations had been normalised.

withdrew to the island with his troops in 1949 after losing the civil war against the army of the Chinese Communist Party.

Bilateral relations between Japan and China have noticeably deteriorated, in particular since 2010, a fact each blames on the other. On 7 September 2010, a Chinese fishing vessel rammed two Japanese coast guard boats that had ordered it to leave territorial waters claimed by Japan, 12 kilometres northwest of the disputed islands. The crew of the Chinese ship was arrested, but released again after a few days. The captain, however, remained in custody while the public prosecutor's office considered pressing charges. Beijing responded with harsh criticism, called off various bilateral talks and threatened counter-measures. From 23 September to 19 November, China halted the export of rare earths to Japan, an act Tokyo considered a "form of economic warfare".<sup>8</sup> On 24 September, the Japanese Prime Minister Naoto Kan decided to end the crisis by releasing the captain; public opinion in his country saw this as buckling under Chinese pressure.<sup>9</sup>

In September 2012 the territorial dispute escalated further when the Japanese government bought three of the uninhabited islands from their private owner to pre-empt purchase by the then-mayor of Tokyo, the rightwing nationalist Ishihara Shintaro. Japan had hoped to avoid a worsening of relations with China. But in Beijing's interpretation, the purchase was a "nationalisation", by which Tokyo had unilaterally changed the status quo of the islands. As with the fishing-vessel incident, the response in China was not only official protests but mass demonstrations and riots as well, during which Japanese shops and businesses were attacked. Simultaneously China multiplied its forays (including military forays) into waters claimed by Japan and their associated airspace, which in turn led to counter-measures by Tokyo.<sup>10</sup> These actions – which continue to this day – risk causing misunderstandings and accidents: no mechanism of

any kind to prevent the latter exists between the two sides. In November 2013, China unilaterally declared an Air Defense Identification Zone (ADIZ) in the East China Sea, which overlapped with the Japanese one and included the disputed Senkaku/Diaoyu Islands.<sup>11</sup> Japan and the US expressed concern over this further escalation of the conflict and declared that they had no intention of respecting the zone.<sup>12</sup> Japanese Prime Minister Abe Shinzo's surprise visit to the Yasukuni Shrine in December 2013, during his second time in office, once again poisoned the mood between China and Japan.

In November 2014, President Xi received Prime Minister Abe for the first time when he met with him for a half-hour talk during the Asia Pacific Economic Cooperation (APEC) Summit in Beijing. The meeting had been preceded by a "four point consensus" between the Chinese state councillor Yang Jiechi and the Japanese security advisor Yachi Shotaro, with both sides confirming in separate statements that they had differing views on the causes of the tensions in the East China Sea. Contrary to initial media reports, however, Japan did not shift from its official government position that there is no territorial dispute over the Senkaku Islands.<sup>13</sup> Even though tensions have now somewhat lessened, the islands dispute, mutual distrust and nationalistic fervour on both sides continue to put a strain on Sino-Japanese relations. Moreover, Beijing is exasperated by Japan openly positioning itself against China in the dispute over islands and rocks in the South China Sea.<sup>14</sup>

<sup>8</sup> Christopher W. Hughes, "China's Military Modernization: US Allies and Partners in Northeast Asia", in *Strategic Asia 2012–2013*, ed. by Ashley J. Tellis and Travis Tanner (Washington, D.C.: National Bureau of Asian Research, 2012), 197–239 (201). It has not been proved conclusively that China's export ban was linked to the island dispute and the captain's imprisonment. See on this point Linus Hagström, "Power Shift in East Asia? A Critical Reappraisal of Narratives on the Diaoyu/Senkaku Islands Incident in 2010", *Chinese Journal of International Relations* 5, no. 3 (2012): 267–97.

<sup>9</sup> Hagström, "Power Shift in East Asia?" (see note 8).

<sup>10</sup> See Sheila A. Smith, "A Sino-Japanese Clash in the East China Sea. Contingency Planning Memorandum no. 18", New York and Washington, D.C.: Council on Foreign Relations, April 2013, <http://www.cfr.org/japan/sino-japanese-clash-east-china-sea/p30504> (accessed 3 February 2016).

<sup>11</sup> For a detailed treatment, see Ian E. Rinehart and Bart Elias, *China's Air Defense Identification Zone (ADIZ)*, Congressional Research Service Report, no. R43894 (30 January 2015), 16f., <https://www.fas.org/sgp/crs/row/R43894.pdf> (accessed 9 August 2016). The ADIZ established by China also overlaps with South Korea's. Initially the Japanese and South Korean air defence zones had also overlapped, but Tokyo and Seoul agreed on an adjustment in response to China's action.

<sup>12</sup> Rinehart and Elias, *China's Air Defense Identification Zone (ADIZ)* (see note 11), 16f.

<sup>13</sup> Adam P. Liff, *Principles without Consensus: Setting the Record Straight on the 2014 Sino-Japanese 'Agreement to Improve Bilateral Relations'*, Working Paper (8 November 2014), [http://www.adamphailiff.com/documents/Liff2014\\_PrinciplesWithoutConsensus.pdf](http://www.adamphailiff.com/documents/Liff2014_PrinciplesWithoutConsensus.pdf) (accessed 11 August 2016).

<sup>14</sup> On the tensions in the South China Sea, see also Michael Paul, *A 'Great Wall of Sand' in the South China Sea? Political, Legal and Military Aspects of the Islands Dispute*, SWP Research Paper 8/2016 (Berlin: Stiftung Wissenschaft und Politik, July 2016).

## Security and Perceived Threats

Distrust about the other side's intentions has been growing in Japan and China for years. From around 2005, the perception that China represents a military threat has increasingly come to the fore in Japan. Japanese Defence White Papers address China's military modernisation in detail and criticise the lack of transparency in the country's defence spending. Since 2007 these documents have also been expressing "concern" over China's military capabilities and activities. This is the first time since normal relations resumed in 1972 that the Japanese government has so clearly declared China a threat to its security.<sup>15</sup>

In turn, China has met Prime Minister Abe's security agenda with suspicion. His goal is for Japan to contribute more actively to international stability and no longer merely react to events. Since his return to power in late 2012, Prime Minister Abe has not only driven forward security cooperation with the US, but also with other partners, especially in Southeast Asia. In September 2015, the Japanese parliament adopted a package of new security legislation that extends the deployment possibilities of the Japanese Self Defense Forces. For instance, if the security of its ally America came under threat, Japan could now provide military support to help defend against that threat. The Abe government has also relaxed rules for arms exports.<sup>16</sup> Ultimately, the prime minister aims to revise Article 9 of the Japanese Constitution, which bans the country from martial activities and from maintaining armed forces – an Article whose interpretation has been the subject of much controversy. While Japan sees this as a process of normalising its security policy, China perceives it as remilitarisation.

<sup>15</sup> Kai Schulze, "Kontinuität im Wandel oder erneuter Umbruch? Die Veränderungen der japanischen Sicherheitspolitik gegenüber China", *Asiatische Studien* 67, no. 2 (2013): 681–709 (684).

<sup>16</sup> See also Alexandra Sakaki, *Japan's Security Policy: A Shift in Direction under Abe?* SWP Research Paper 2/2015 (Berlin: Stiftung Wissenschaft und Politik, March 2015), [https://www.swp-berlin.org/fileadmin/contents/products/research\\_papers/2015\\_RP02\\_skk.pdf](https://www.swp-berlin.org/fileadmin/contents/products/research_papers/2015_RP02_skk.pdf) (accessed 8 February 2017).

## China and South Korea: One-sided Dependencies

### Political Relations

China has traditionally had strong relations with North Korea; it is the only country with which the People's Republic has a formal alliance treaty. As a consequence, Beijing's relations with South Korea were normalised relatively late. Not until 1992 did China and South Korea diplomatically recognise each other – 20 years after China and Japan had established official relations.

China and South Korea are also divided by an historical question. In 2003 Chinese researchers declared that the ancient kingdom known in Chinese as Gogouli, in Korean as Goguryeo – which in Korea is viewed as the cradle of Korean national identity – had been a vassal state of the Chinese empire and demanded that its tombs be categorised as Chinese by UNESCO.<sup>17</sup> The border between (North) Korea and China is also controversial on Changbai/Paektu Mountain – the birthplace of the late head of state Kim Jong-il, as modern legend has it. There are likewise competing maritime claims between China and South Korea, concerning two rocks used to determine the Exclusive Economic Zones.<sup>18</sup> Chinese fishermen entering disputed or foreign waters is a problem not only in the South China and East China Seas; it also puts a strain on Seoul's relationship with Beijing.<sup>19</sup> However, neither the maritime nor the historical points of conflict play as prominent a role in these relations as they do between China and Japan or Korea and Japan.

Official relations between Beijing and Seoul have been steadily upgraded since 1992, although not in security policy. South Korea has to keep a balance between relations with its ally, the United States, and its most important economic partner, China – not an easy task.<sup>20</sup> Since 2008, South Korea's and China's

<sup>17</sup> Christian Wirth, "'Power' and 'Stability' in the China-Japan-South Korea Regional Security Complex", *Pacific Review* 28, no. 4 (2015): 553–75 (560).

<sup>18</sup> Wirth, "'Power' and 'Stability'" (see note 17), 562. Exclusive Economic Zones 200 nautical miles wide can be claimed beyond the territorial waters of coastal states.

<sup>19</sup> See e.g. "South Korea Cracks Down on Illegal Chinese Fishing", *The Wall Street Journal*, 10 June 2016, <http://www.wsj.com/articles/south-korea-cracks-down-on-illegal-chinese-fishing-1465550310> (accessed 25 July 2016).

<sup>20</sup> See e.g. Jojin V. John, *South Korea-China Relations and the Northeast Asian Strategic Puzzle*, ICS Analysis no. 15 (Delhi: Institute of Chinese Studies [ICS], July 2014); Ellen Kim and Victor

deputy foreign ministers have met for strategic dialogue; however, this has not yet produced any joint declarations or similar document.<sup>21</sup> Since Xi Jinping took over power and Park Geun-hye was elected president, the two countries have moved closer together. At their first summit meeting in June 2013, far-reaching agreements were reached. In September 2015, Park visited the large military parade in Beijing for the 70th anniversary of the end of World War II. This demonstration of solidarity was in part driven by the policies of the Japanese Prime Minister Abe Shinzo, which were criticised in both Beijing and Seoul for being nationalist and revisionist.<sup>22</sup> In 2015, and despite US reservations, South Korea was also one of the founding members of the Asian Infrastructure Investment Bank (AIIB) proposed by China, which Japan has not joined.

### Security and Perceived Threats

South Korea evidently does not feel threatened militarily by China to the extent that Japan does. The crucial disruptive factor in Sino-South Korean relations is – time and again – North Korea. On the one hand, the close (if not problem-free) friendship between China and North Korea was crucial in pushing Seoul to seek good relations with Beijing. On the other hand, China's reactions to crises between the North and South of the peninsula regularly cause irritation and frustration in Seoul. To date, China has always sided with North Korea or at best acted in a “neutral” manner, calling on all parties to show restraint whenever Pyongyang has been involved in incidents. This was the case, for example, with the South Korean corvette *Cheonan*, sunk by a torpedo in March 2010, for which North Korea was held responsible.<sup>23</sup> A second incident in November 2010 concerned the North Korean shelling of Yeonpyeong Island, located off the coast of South Korea, which prompted joint military exercises of the US and South Korea. Here, too, Beijing

merely urged both sides to show restraint. There was no criticism or condemnation of North Korea. In 2013 China agreed to sanctions against North Korea for the first time in the UN Security Council sessions, after the country had repeatedly conducted nuclear and missile tests. In spring 2016, Beijing again approved punitive Security Council measures against North Korea.

In June 2016, after further North Korean missile tests, Seoul announced its plan to install an American anti-missile system (Terminal High Altitude Area Defense, THAAD). China and Russia protested. Beijing was concerned that this would tie South Korea into a regional anti-missile system positioned, among other things, to contain China.<sup>24</sup> In turn, South Korea accused China of having a hostile attitude that ignored Korean sovereignty over defence and national security. Beijing is nevertheless exerting economic and political pressure to make Seoul stall on implementing the decision – in the hope that, after elections in South Korea, the new government might rethink the stationing.

According to an analysis carried out by American Korea experts in 2016, South Korea's policy on China faces four dilemmas. The first is the asymmetry and imbalance of power between South Korea and its large neighbour; the second results from the increasing importance of China as Korea's economic partner. Third, from Seoul's perspective, China's cooperation is indispensable if the two Koreas are ever to be reunited; Beijing, however, has a strategic interest in maintaining the status quo, with North Korea as a buffer state. Fourth, South Korea is concerned about being caught in a growing escalation between the US and China.<sup>25</sup> Beijing too finds relations with Seoul far from simple because they are substantially determined by the quality of the latter's relations with the US and North Korea – as well as by Beijing's own relations with Washington.<sup>26</sup>

Cha, “Between a Rock and a Hard Place: South Korea's Strategic Dilemmas with China and the United States”, *Asia Policy* 21 (2016): 101–21.

<sup>21</sup> See Scott Snyder and See-won Byun, “China-Korea Relations: Under New Leaderships”, *Comparative Connections* 14, no. 3 (2013): 99–107, [https://cis-prod.s3.amazonaws.com/s3fs-public/legacy\\_files/files/publication/1203q.pdf](https://cis-prod.s3.amazonaws.com/s3fs-public/legacy_files/files/publication/1203q.pdf) (accessed 8 February 2017).

<sup>22</sup> See John, *South Korea-China Relations* (see note 20), 3.

<sup>23</sup> Yangomo Ku, “Transitory or Lingering Impact? The Legacies of the Cheonan Incident in Northeast Asia”, *Asian Perspective* 39, no. 2 (2015): 253–76.

<sup>24</sup> See Benjamin Lee, “THAAD and the Sino-South Korean Strategic Dilemma”, *The Diplomat*, 7 October 2016, <http://thediplomat.com/2016/10/thaad-and-the-sino-south-korean-strategic-dilemma/> (accessed 23 November 2016).

<sup>25</sup> See Kim and Cha, “Between a Rock and a Hard Place” (see note 20).

<sup>26</sup> See Snyder and Byun, “China-Korea Relations” (see note 21), 104.

## Japan and South Korea: Distant Neighbours

### Political Relations

Japan and South Korea share values such as democracy, human rights and the rule of law, and they both feel threatened by North Korea. The two countries are also the US's most important allies in Asia. Despite these commonalities, mistrust and historical animosities strain bilateral relations. In South Korea, vivid memories of repression and exploitation under Japanese colonial rule from 1905 to 1945 are still impeding political cooperation that would be advantageous for both sides.

The main source of conflict in this bilateral relationship is the fate of the Korean "comfort women", forced into prostitution in Japanese military camps during World War II. In Tokyo's view the Treaty on Basic Relations between Japan and South Korea in 1965 resolved all questions of reparations; there is no basis for further claims; and there is no official evidence that women were systematically and forcibly recruited by the Japanese authorities. Seoul counters that the fate of the "comfort women" was unknown until victims voiced their stories in the early 1990s and that the 1965 negotiations therefore could not possibly have covered the issue.<sup>27</sup> In 1994 Japan did create a fund with the help of private donations to financially support the women involved. For many Koreans, however, this is merely an attempt by the Japanese government to evade formal compensation and an official apology.

A cluster of rocks in the Sea of Japan, controlled by South Korea where it is known as Dokdo, yet claimed by Japan, also regularly causes bilateral tensions (see map, p. 9). Japan argues that it annexed the islands, which it calls Takeshima, as *terra nullius* in accordance with international law in 1905. According to South Korean tradition, however, the islands were considered part of the Korean island state as long ago as 1145. Seoul thus sees the annexation as the opening salvo of Japanese imperialist ambitions towards Korea.<sup>28</sup> Also contentious in Japan's relations with Korea (as in its relations with China) are the visits of high-ranking

politicians to the Yasukuni Shrine and the representations of history in school textbooks.

Phases of closer cooperation between the two countries alternate with reignited tensions over historical conflicts. Whenever the threat of North Korea increases and US commitment to the region is simultaneously in doubt, Tokyo and Seoul tend to strive for closer cooperation. Conversely, historical animosities are given freer reign as soon as the external threat seems diminished and the US clearly sides with its allies.<sup>29</sup>

This pattern does not apply, however, to the "ice age" in Japanese-Korean relations, from 2012 to 2015. North Korea's nuclear and missile tests, which demonstrated its technological progress, and doubts in Tokyo and Seoul over the US's longterm commitment to Asia would normally have led to closer cooperation. And yet in June 2012, at the last minute, South Korea called off signing an agreement with Japan to exchange military intelligence (General Security of Military Information Agreement, GSOMIA) that had already been fully negotiated.<sup>30</sup> When, just two months later, Lee Myung-bak was the first Korean president to visit the Dokdo Islands, Japan responded by protesting and summoning the South Korean ambassador. Relations deteriorated further under Lee's successor, Park Geun-hye. For almost three years (until November 2015), President Park rejected bilateral summit meetings with Japan's Prime Minister Abe Shinzo, on the grounds that Tokyo needed to take responsibility for its colonial and wartime crimes. Because of these dire political relations, the two countries allowed a currency-swap agreement to expire in January 2015.<sup>31</sup>

Many South Korean journalists and academics blame the bilateral tensions on Japan's nationalist tendencies under Prime Minister Abe.<sup>32</sup> Yet, while Abe's visit to the Yasukuni Shrine in December 2013 undoubtedly provoked additional resentment, relations had already deteriorated before he took office.

<sup>29</sup> Victor D. Cha, *Alignment Despite Antagonism: The US-Korea-Japan Security Triangle* (Stanford, CA: Stanford University Press, 1999).

<sup>30</sup> Seongho Sheen and Jina Kim, "What Went Wrong with the ROK-Japan Military Pact?", *Asia Pacific Bulletin* (East West Center), no. 176, 31 July 2012, <http://www.eastwestcenter.org/sites/default/files/private/apb176.pdf> (accessed 13 July 2016).

<sup>31</sup> Mitsuru Obe and Kwanwoo Jun, "Japan, South Korea to Let Currency Swap Program Expire", *Wall Street Journal*, 16 February 2015, <http://www.wsj.com/articles/japan-south-korea-to-let-currency-swap-program-expire-1424088419> (accessed 10 July 2016).

<sup>32</sup> Suzuki, "Can the 'History Issue' Make or Break the Japan-ROK 'Quasi-Alliance'?" (see note 27), 206.

<sup>27</sup> Shogo Suzuki, "Can the 'History Issue' Make or Break the Japan-ROK 'Quasi-Alliance'?", *Korean Journal of Defense Analysis* 27, no. 2 (2015): 201–15 (2013).

<sup>28</sup> Norbert Eschborn and Janine Läßle, "Südkorea auf der Suche nach sich selbst", *KAS Auslandsinformationen*, November 2013, 39, <http://www.kas.de/wf/de/33.36021/> (accessed 20 July 2016).

The main cause for the standoff lies in South Korea's domestic politics: two court verdicts from 2011 and 2012 put the Korean government under considerable pressure to take a stronger stance against Japan on historical matters.<sup>33</sup> In August 2011 the Korean Constitutional Court ruled that the government had violated the basic rights of the "comfort women" by neglecting their cause. In May 2012 the Supreme Court further adjudged that personal claims for damages by former slave labourers were not covered by the 1965 Treaty on Basic Relations. Since then, several claims for compensation against Japanese firms have come before the Supreme Court.<sup>34</sup>

In effecting a rapprochement with Beijing over the past few years, Seoul has probably primarily sought to influence China's policy on North Korea. Japan is nonetheless concerned that there might be negative repercussions for it. Accordingly, Park's visit to China in June 2013 was controversial in Japan. After all, she had broken with the tradition of South Korean presidents making their first official visits to the US and then Japan.<sup>35</sup> Japan was further affronted when Park suggested erecting a memorial in Manchuria to a Korean who, in 1909, had murdered the Governor of the Japanese colonial administration in Korea.

Bilateral relations improved after Seoul shifted to a two-track policy towards Tokyo around May 2015.<sup>36</sup> Historical matters were now tackled separately from economic and security matters. Seoul was prompted not only by the US pushing for improved Korean-Japanese relations (see below). Impetus also came from Chinese President Xi's first meeting with Abe as part of the APEC Summit of November 2014 – Park was now isolated in her obstructive attitude towards

Japan. The first meeting between Park and Abe occurred in November 2015. A month later the two leaders announced a breakthrough in the "comfort women" dispute: Japan would pay a billion yen (around 9 million euros) into a South Korean foundation for Korean victims, as yet to be founded. In addition, the Japanese foreign minister apologised in Abe's name to the women concerned for their suffering. Both sides declared that the agreement "finally and irreversibly" put an end to the dispute.<sup>37</sup> Further rapprochement between Japan and South Korea followed in 2016: in late August talks began on a new currency-swap agreement; in November an accord on sharing military information (GSOMIA) was signed.

However, the dispute over "comfort women" flared up again. In December 2016 South Korean activists erected a statue in front of the Japanese consulate in the port city of Busan as a reminder of the victims. A similar statue has already stood in front of the Japanese embassy in Seoul since 2011. Tokyo argues that this violates the Vienna Convention on Consular Relations, under which the host country is obliged to protect the dignity of consular posts. In protest against the new statue, Japan temporarily withdrew its ambassador to Seoul and its consul-general to Busan. It also suspended talks on the new currency swap agreement.<sup>38</sup>

At the same time, South Korean security experts and representatives of the conservative government in Seoul, faced with North Korea's missile development, are calling for cooperation with Japan on security policy. For them, North Korea's success in August 2016 in firing a submarine-launched ballistic missile (SLBM) represents a new order of threat because it enables the regime to more easily overcome the defences of its southern neighbour, which currently exclusively point north.<sup>39</sup> The agreement on exchanging military intelligence with Japan is supposed to garner knowledge about North Korea – and yet 59 percent of South Koreans reject it.<sup>40</sup> Opposition parties accuse the gov-

33 Hideki Okuzono, "South Korean Judiciary Shakes Japan-South Korea Relations" (Tokyo: Japan Institute of International Affairs, March 2016), [http://www2.jiia.or.jp/en/pdf/digital\\_library/korean\\_peninsula/160331\\_Hideki\\_Okuzono.pdf](http://www2.jiia.or.jp/en/pdf/digital_library/korean_peninsula/160331_Hideki_Okuzono.pdf) (accessed 3 April 2016).

34 Kentaro Ogura, "Again, South Korean Court Orders Japanese Company to Pay", *Nikkei Asian Review*, 24 June 2015, <http://asia.nikkei.com/Politics-Economy/International-Relations/Again-South-Korean-court-orders-Japanese-company-to-pay> (accessed 15 July 2016).

35 Anon., "Chūkan shunōkaidan nihon ni towareru higashi ajia senryaku" [Chinese-Korean summit meeting raises questions about Japanese East-Asia strategy], *Yomiuri Shimbun*, 30 June 2013.

36 Anon., "Park Signals Two-track Foreign Policy toward Japan", *Japan Times*, 4 May 2015, <http://www.japantimes.co.jp/news/2015/05/04/national/politics-diplomacy/park-signals-two-track-foreign-policy-toward-japan/#.V6nasnqx4wI> (accessed 9 August 2016).

37 Mike M. Mochizuki, "Japan-ROK Pact on 'Comfort Women': Will It Help Heal the Wounds?", *Oriental Economist* 84, no. 1 (2016): 6ff.

38 Anon., "Keep 'Comfort Women' Deal Alive", *Japan Times*, 12 January 2017, <http://www.japantimes.co.jp/opinion/2017/01/12/editorials/keep-comfort-women-deal-alive/> (accessed 13 January 2017).

39 Anon., "Seoul Must Strengthen Its Missile Defense at All Cost", *Chosun Ilbo*, 25 August 2016, [http://english.chosun.com/site/data/html\\_dir/2016/08/25/2016082501493.html](http://english.chosun.com/site/data/html_dir/2016/08/25/2016082501493.html) (accessed 22 November 2016).

40 Gil Yun-hyung, "S. Korea and Japan Set to Sign Controversial GSOMIA this Week", *Hankyoreh*, 22 November 2016,

ernment of concluding the agreement when the public's attention was focused on a scandal surrounding President Park.<sup>41</sup> Many Koreans doubt Japan's sincerity in apologising for past atrocities because Tokyo simultaneously acknowledges its moral responsibility towards victims of Japanese violence and yet declines any legal responsibility (and thus refuses to pay compensation), citing the Treaty on Basic Relations. Meanwhile, Japan is disillusioned about the attempts at reconciliation because it feels that, regardless of past agreements, Korea is continually making new claims, thus moving the goalposts and making it impossible ever to reach a satisfactory conclusion.<sup>42</sup> Should implementation of the "comfort women" accord fail, Japan may be so discouraged that it could sour relations with Seoul for years.

### Security and Threat Evaluations

Tensions in Japan-South Korea relations stem not only from domestic policy, but also from diverging strategic interests. The two countries are reacting differently to the rise of China. While Japan increasingly sees the People's Republic as a threat and is trying to establish a counterweight with likeminded states, Seoul believes it is not China's rise per se that constitutes the threat, but rather the growing Sino-US rivalry in the region.<sup>43</sup> South Korea wants to avoid being caught between the two and having to side with one or the other. Seoul is concerned that Beijing might consider closer Korean-Japanese cooperation on security matters to be part of a containment strategy by the US and its allies.<sup>44</sup> The future development of secu-

rity relations between Seoul and Tokyo therefore crucially depends on China.<sup>45</sup>

The new laws on security policy passed by Japan in September 2015 caused concern amongst South Koreans about Japan's potential remilitarisation. The South Korean government, however, refrained from criticising the laws and merely expressed the hope that Japan would continue to "follow the spirit of its pacifist postwar constitution".<sup>46</sup> Under this new security legislation, in the event of a crisis on the Korean peninsula, Japan could logistically support not only the US but also South Korea.<sup>47</sup> Such cooperation is currently hard to imagine. With a majority of the Korean population rejecting the deployment of Japanese troops on the peninsula, Seoul would only accept Japan's help in an extreme emergency.

### Public Opinion in the Three Countries

Animosities and tensions within the dyads of the North-east-Asia triangle are also reflected in public opinion polls about respective neighbours. Negative trends in these samples of the nation's mood are sometimes instrumentalised by decision-makers for domestic politics, for instance in election campaigns. In China, the Communist Party increasingly relies on nationalism to legitimise its reign. As a consequence, the Beijing leadership propagates a negative image of Japan. Conversely, public resentment and mistrust also limit the three governments' ability to negotiate compromises in disputes with their neighbouring countries.

Among the three dyads concerned, mutual public perception has deteriorated most noticeably in the Japan-China case. This negative trend has been visible since about the mid-1990s, apart from a few shortlived fluctuations.<sup>48</sup> From 2010 to 2016 the proportion of

[http://english.hani.co.kr/arti/english\\_edition/e\\_international/771449.html](http://english.hani.co.kr/arti/english_edition/e_international/771449.html) (accessed 24 November 2016).

41 Yong-weon Yu, "Seoul, Tokyo Clinch Intelligence-Sharing Pact", *Chosun Ilbo*, 15 November 2016, [http://english.chosun.com/site/data/html\\_dir/2016/11/15/2016111501004.html](http://english.chosun.com/site/data/html_dir/2016/11/15/2016111501004.html) (accessed 23 November 2016).

42 Hiroshi Nakanishi, "The Structural Change and Future of Japan-South Korea Relations: A Japanese Perspective", *East Asia Foundation Policy Debates*, no. 34 (15 September 2015), [http://www.keaf.org/book/EAF\\_Policy\\_Debate\\_The\\_Structural\\_Change\\_and\\_Future\\_of\\_Korea-Japan\\_Relations:\\_A\\_Japanese\\_Perspective?ckattempt=1](http://www.keaf.org/book/EAF_Policy_Debate_The_Structural_Change_and_Future_of_Korea-Japan_Relations:_A_Japanese_Perspective?ckattempt=1) (accessed 21 July 2016).

43 Alice Ekman, "China's Rise: The View from South Korea", *EUISS Alert*, no. 19 (Paris: European Union Institute for Security Studies [EUISS], May 2016), <http://www.iss.europa.eu/de/publikationen/detail/article/chinas-rise-the-view-from-south-korea/> (accessed 20 July 2016).

44 Sungtae Jacky Park, "The Korean Pivot and the Return of Great Power Politics in Northeast Asia", *Atlantic Council*,

November 2015, <http://www.atlanticcouncil.org/publications/reports/the-korean-pivot-and-the-return-of-great-power-politics-in-northeast-asia> (accessed 24 May 2016).

45 Narushige Michishita, "Changing Security Relationship between Japan and South Korea: Frictions and Hopes", *Asia-Pacific Review* 21, no. 2 (2014): 19–32 (19).

46 Anon., "Seoul Likely to Adopt Two-track Policy on Japan", *Korea Times*, 21 September 2015, [http://www.koreatimes.co.kr/www/news/nation/2015/09/120\\_187285.html](http://www.koreatimes.co.kr/www/news/nation/2015/09/120_187285.html) (accessed 15 June 2016).

47 Yoshihide Soeya, *The Future of U.S.-Japan-ROK Trilateral Cooperation: A Japanese Perspective*, NBR Brief (Seattle: The National Bureau of Asian Research [NBR], March 2016), <http://nbr.org/research/activity.aspx?id=659> (accessed 20 July 2016).

48 Il Hyun Cho and Seo-Hyun Park, "Anti-Chinese and Anti-



polled Chinese and Japanese who had an unfavourable or relatively unfavourable impression of the other country climbed by 21 percentage points to 77 percent and by 20 points to 92 percent, respectively (see graph 1, p. 17). At times, it was above 90 percent in both countries. The most important reasons given by those polled in both countries are historical controversies as well as the bilateral territorial dispute; Japanese respondents also attribute ruthless conduct in foreign-policy matters to China.<sup>49</sup>

A negative trend has also characterised the Japanese perception of South Korea since the start of the century. From 2002 to 2015 the proportion of Japanese who felt very or somewhat distrustful of the country rose from around 35 percent to 73 percent (see graph 2, p. 17). After the accord in the “comfort women” dispute in December 2015, this proportion had dropped to 60 percent by spring 2016. On the Korean side, the changes between 2002 and 2016 were less marked: the proportion of those who distrusted Japan, while remaining high, fluctuated between around 75 percent and 90 percent. The national mood was barely affected by the 2015 accord (see graph 2, p. 17). Both sides agree that historical disputes and the bilateral territorial conflict are the most significant causes for the negative image of the other country.<sup>50</sup>

Polls on mutual perception are conducted less regularly in China and South Korea than in the other two dyads, making trends more difficult to discern. Overall the reciprocal impressions are more positive than for China-Japan or Japan-South Korea. On the Chinese side, however, the perception of South Korea seems to have deteriorated somewhat over the past decade. In 2006, 63 percent of Chinese polled still declared that they had a very or somewhat favourable impression of the country; by 2016 that had dropped to 55 percent.<sup>51</sup> In Korea between 2002 and 2015, the proportion of respondents who had a very or somewhat favourable

impression of China fluctuated between 38 and 66 percent. Initially the share dropped continually, but as of 2013 it rose again (see graph 3). However, bilateral tensions since early 2016 seem to have had a negative impact on the public perception of China.<sup>52</sup> While the Chinese and South Koreans viewed their normalised relations with great optimism in the 1990s, in the past decade divergent interests have become more obvious, especially regarding North Korea.<sup>53</sup> Furthermore, both sides increasingly view themselves as economic competitors. Unlike the Japanese, however, most Koreans do not feel threatened by the rise of China as a political power. In a 2015 survey, 71 percent of South Koreans polled declared that China was tackling international problems responsibly, whereas only 15 percent of Japanese respondents agreed with this assessment.<sup>54</sup>

## Trade and Economic Relations

The three countries have close economic ties. In all three dyads, the volume of trade in absolute terms has greatly increased since the early 1990s (see graphs 4–9, p. 19). Despite these interdependencies, the three countries see each other as economic competitors. Japan is concerned that China, South Korea and other emerging rivals, such as India, will increasingly displace it from its position as a leading economic power and high-tech country. China is gradually climbing to the top of the value chain and striving to catch up with, and ultimately overtake, Japan and Korea in individual sectors. Meanwhile Korea finds itself uncomfortably placed between the established economic power of Japan and a rapidly advancing China.

Following China’s 2001 accession to the World Trade Organisation, trade with its neighbours grew significantly. Within a decade (2001–2011), China’s trade volume with Japan increased fourfold and with Korea sevenfold. Since 2011, however, trade between Japan and China has declined: in four years, it fell by approximately 20 percent. Between China and Korea,

Japanese Sentiments in East Asia”, *Chinese Journal of International Politics* 4, no. 3 (2011): 265–90 (275–78).

<sup>49</sup> Genron NPO, *11th Japan-China Joint Opinion Poll: Analysis Report on the Comparative Data (2015)*, 22 October 2015, 4, [http://www.genron-npo.net/pdf/2015forum\\_en.pdf](http://www.genron-npo.net/pdf/2015forum_en.pdf) (accessed 8 February 2017).

<sup>50</sup> Genron NPO, *The 4th Japan-South Korea Joint Public Opinion Poll (2016): Analysis Report on Comparative Data*, Juli 2016, 5, [http://www.genron-npo.net/pdf/forum\\_2016\\_en.pdf](http://www.genron-npo.net/pdf/forum_2016_en.pdf) (accessed 9 September 2016).

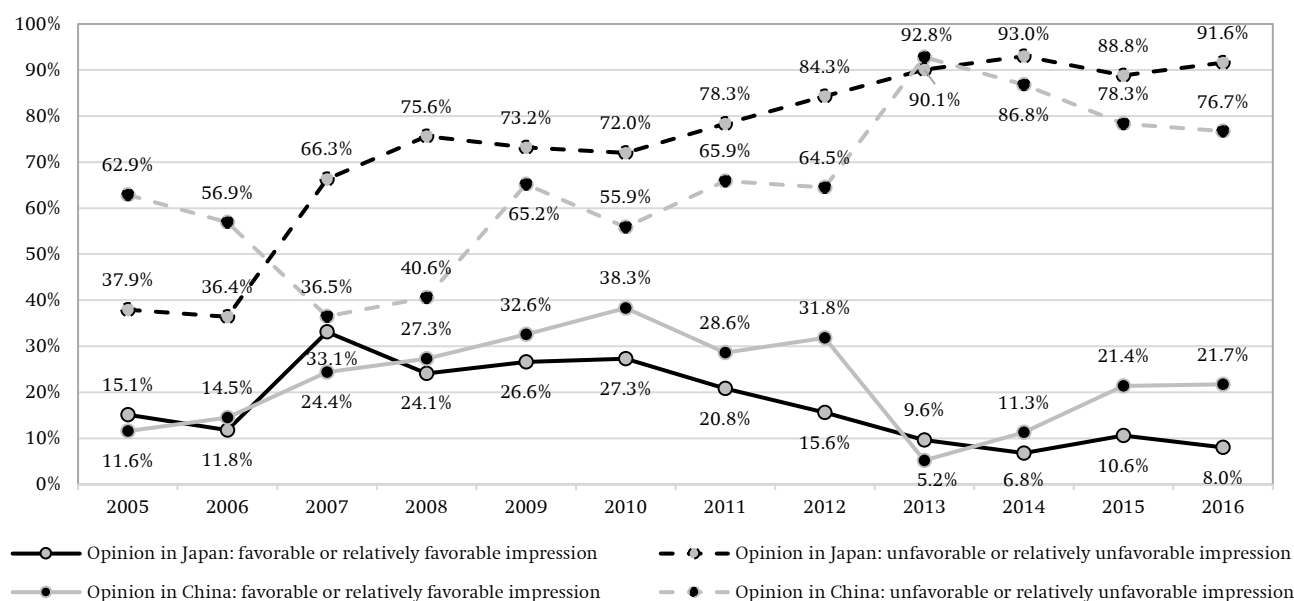
<sup>51</sup> The 2016 survey took place before South Korea declared its intention in June of that year to deploy a THAAD missile defence system. It should be assumed that the nation’s mood has deteriorated since then.

<sup>52</sup> *South Koreans and Their Neighbors 2016* (Seoul: Asan Institute for Policy Studies, May 2016), 9, <http://en.asaninst.org/contents/south-koreans-and-their-neighbors-2016/> (accessed 9 September 2016).

<sup>53</sup> Cho and Park, “Anti-Chinese and Anti-Japanese Sentiments in East Asia” (see note 48), 279.

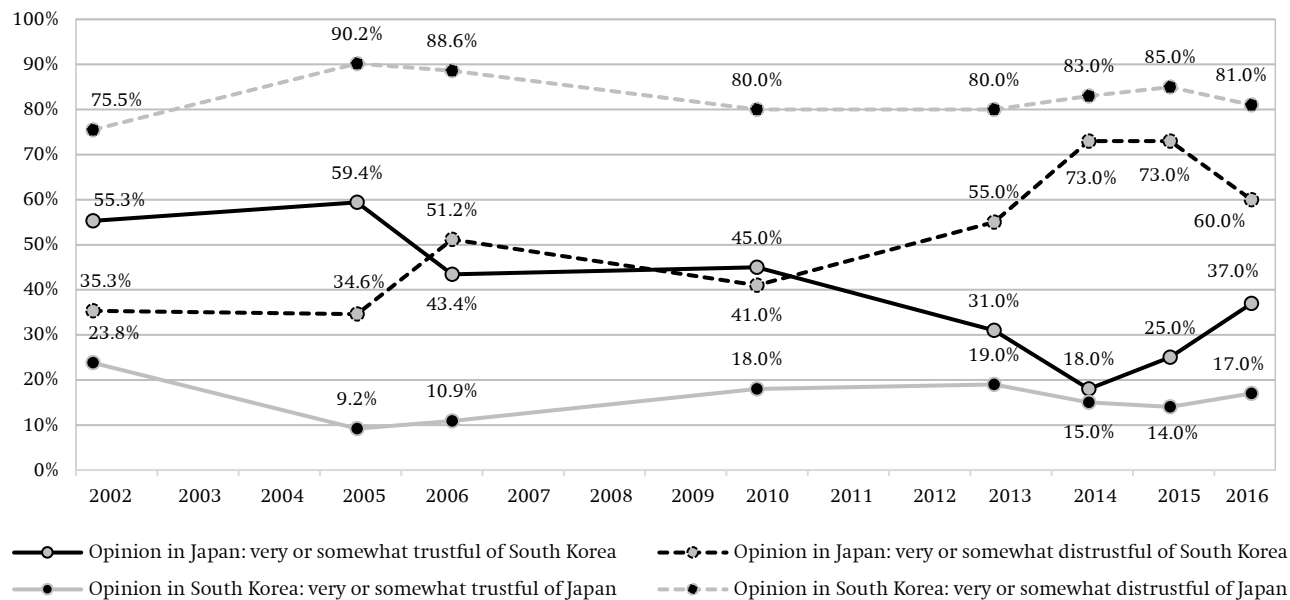
<sup>54</sup> Genron NPO, *The Genron NPO Japan-U.S.-China-ROK Opinion Poll Report*, October 2015, 7f., [http://www.genron-npo.net/en/pp/docs/151020\\_en.pdf](http://www.genron-npo.net/en/pp/docs/151020_en.pdf) (accessed 8 February 2017).

**Graph 1**  
Public Opinion in Japan and China: Mutual Impression



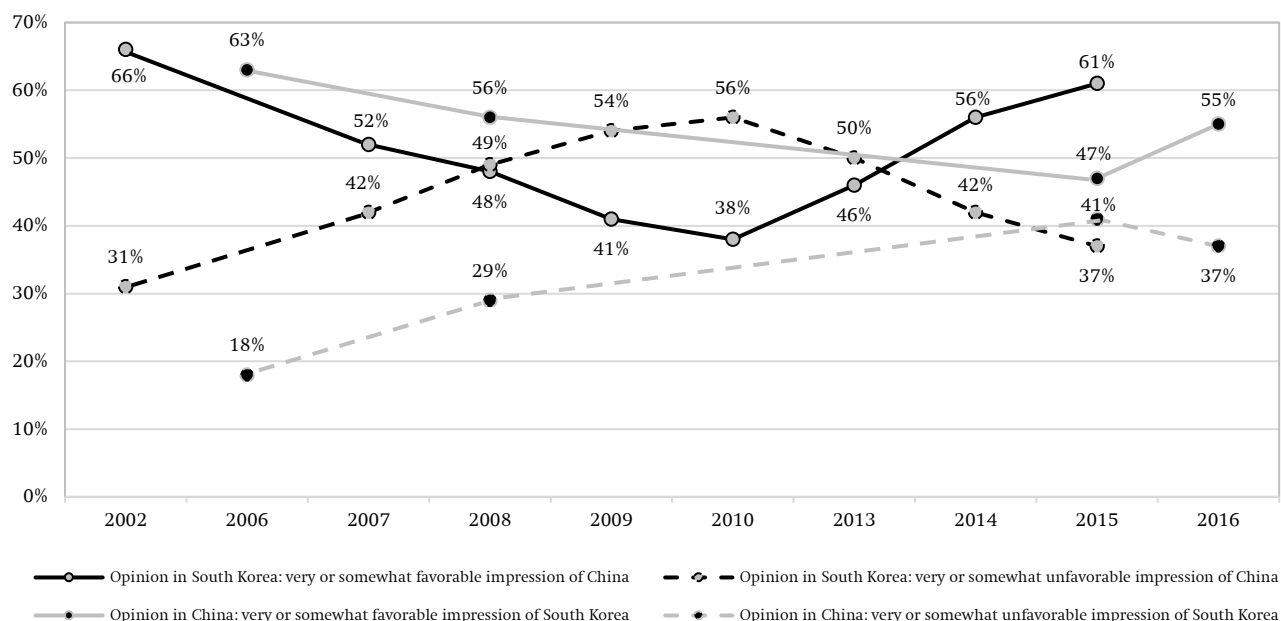
From: Genron NPO, 12th Japan-China Joint Opinion Poll Analysis Report on the Comparative Data, September 2016, [http://www.genron-npo.net/pdf/2016forum\\_en.pdf](http://www.genron-npo.net/pdf/2016forum_en.pdf) (accessed 24 January 2016).

**Graph 2**  
Public Opinion in Japan and South Korea: Mutual Trust/Distrust



From: Poll by Yomiuri Shimbun and Hankook Ilbo, published in Yomiuri Shimbun on the following days: 21 March 2002, 10 June 2005, 7 August 2006, 17 April 2010, 6 April 2013, 7 June 2014, 9 June 2015, 13 May 2016.

**Graph 3**  
**Public Opinion in South Korea und China: Mutual Impression**



From: Bruce Stokes, *How Asia-Pacific Publics See Each Other and Their National Leaders: Japan Viewed Most Favorably, No Leader Enjoys Majority Support*, Pew Research Center Report (2 September 2015), <http://www.pewglobal.org/2015/09/02/how-asia-pacific-publics-see-each-other-and-their-national-leaders/> (accessed 15 September 2016); Bruce Stokes, *Hostile Neighbors: China vs. Japan: View Each Other as Arrogant, Violent; Disagree on WWII Legacy*, PEW Research Center Report (13 September 2016), <http://assets.pewresearch.org/wp-content/uploads/sites/2/2016/09/Pew-Research-Center-China-Japan-Report-FINAL-September-13-2016.pdf> (accessed 24 January 2017).

meanwhile, trade continues to grow, albeit more slowly than in the first decade of the 21st century. China is both Korea's and Japan's largest trading partner (see graphs 10–18, pp. 20f.). Korea's volume of trade with China exceeds that of its trade with the US and Japan together. Korea and Japan primarily export intermediate goods to China and mainly import from China finished products.<sup>55</sup> Japan's significance for China's international trade has fallen sharply. Its share of China's total external trade decreased from 20.4 percent in 1995 to 7.2 percent in 2015. Over the same period, South Korea's share grew only modestly, from 6.1 to 7.1 percent. However, these figures do not give the whole picture because re-exports via Hong Kong play a considerable role in trade with China.<sup>56</sup>

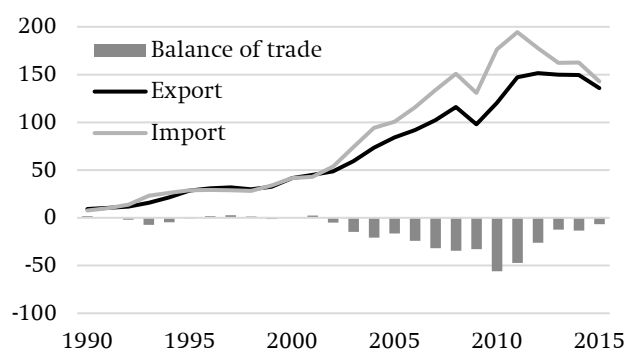
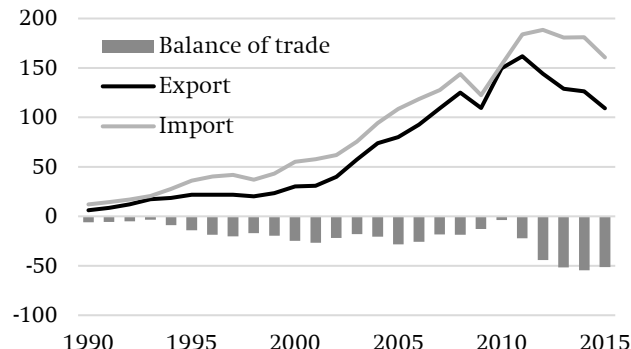
Overall, the trade volume between Japan and South Korea has also increased since 1990, though with bigger drops following the Asian financial crisis of the late 1990s and the 2008 global financial crisis. As with the two other dyads, there was especially strong growth in trade in the first decade of the 21st century: 150 percent from 2001 to 2011. Since then, the trend has been reversed. Within only four years, the trade volume dropped by about a third. Some experts speculate that political tensions might be partly to blame for this decline.<sup>57</sup> But other factors could also be involved, such as trade diversions because of bilateral free trade agreements with third countries. While Korea's share of Japan's external trade has remained fairly constant at about 6 percent, Japan's share of Korea's external

*continued on page 21*

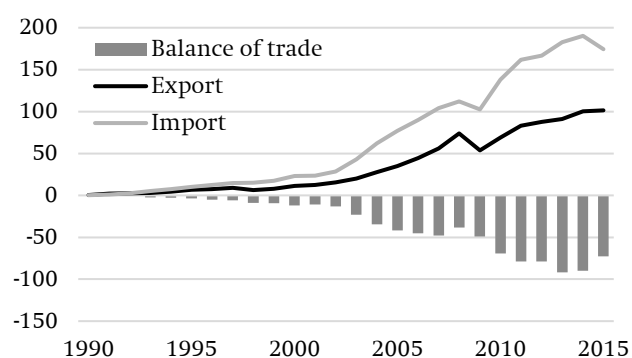
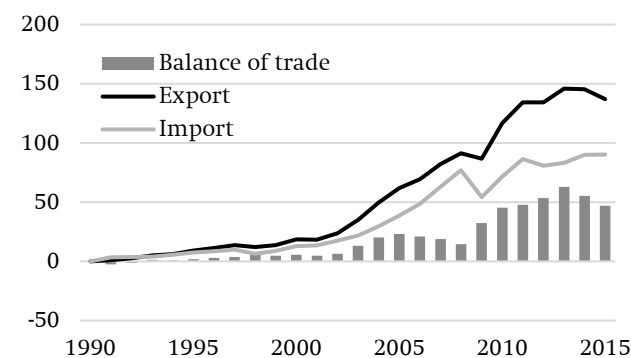
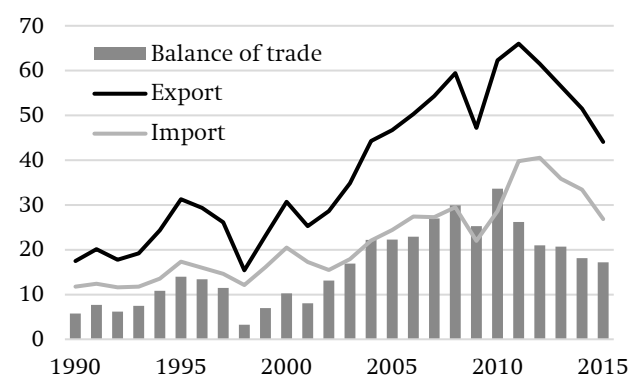
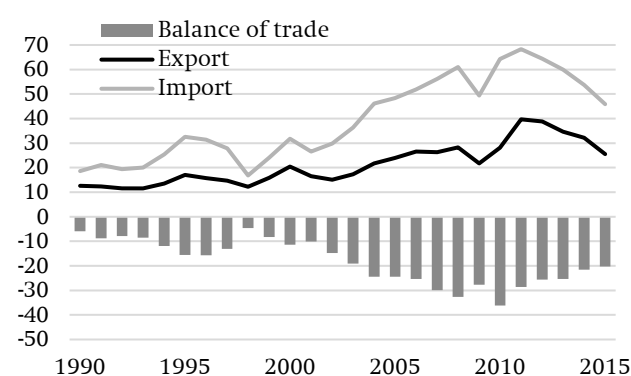
<sup>55</sup> Françoise Nicolas, "Regional Production Networks in East Asia. A Focus on China, Japan and Korea", in *Emerging Asian Economies and MNCs Strategies*, ed. Robert Taylor and Bernadette Andreosso-O'Callaghan (Cheltenham, 2016), 36–58 (41).

<sup>56</sup> This also provides a (partial) explanation for the discrepancy between China's and Japan's official trade figures. Both show a trade deficit with the other country (see graphs 4 and 8, p. 21).

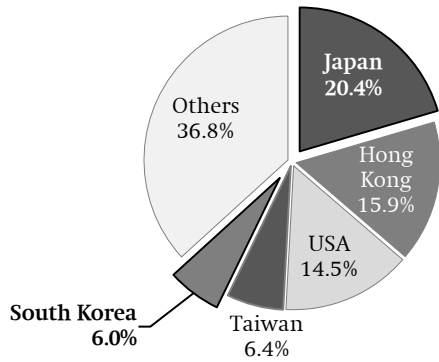
<sup>57</sup> Byung-ki Mun and Seul-gi Mun, *Will Foreign Direct Investment Accelerate the Economic Integration of East Asia? An Analysis of the Changing Trade Structure in East Asia Due to Increasing FDI and Economic Effects Thereof*, Working Paper, no. 15-01 (Seoul: Institute for International Trade, 31 July 2015), <http://www.kita.org/about/iitView.do?id=&no=1874&searchWrd=&pageIndex=1> (accessed 16 September 2016).

**Graph 4****China, trade in goods with Japan (US dollars, billions)****Graph 7****Japan, trade in goods with China (US dollars, billions)**

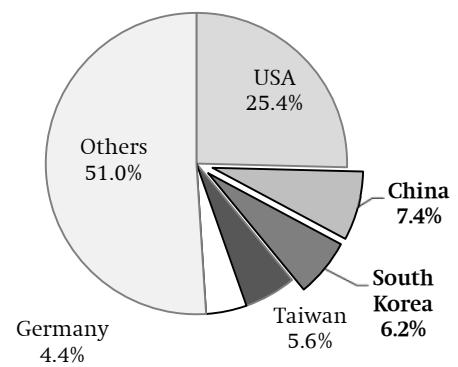
From (graphs 4–18): IMF, *Direction of Trade Statistics*, accessed 5 July 2016.

**Graph 5****China, trade in goods with South Korea (US dollars, billions)****Graph 8****South Korea, trade in goods with China (US dollars, billions)****Graph 6****Japan, trade in goods with South Korea (US dollars, billions)****Graph 9****South Korea, trade in goods with Japan (US dollars, billions)**

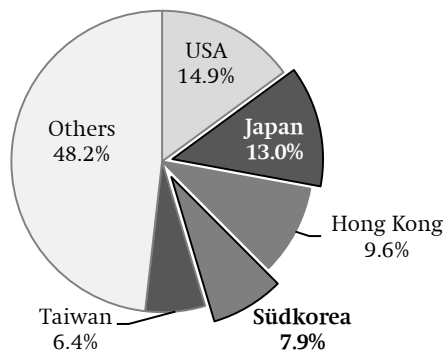
**Graph 10**  
**China's main trading partners 1995**



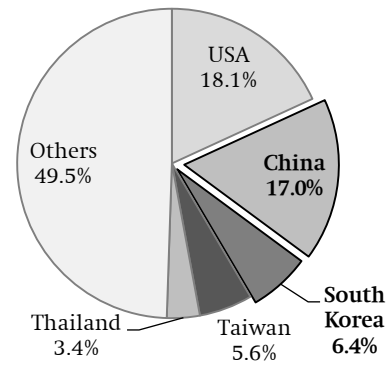
**Graph 13**  
**Japan's main trading partners 1995**



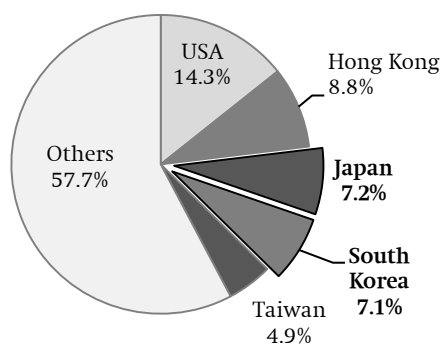
**Graph 12**  
**China's main trading partners 2005**



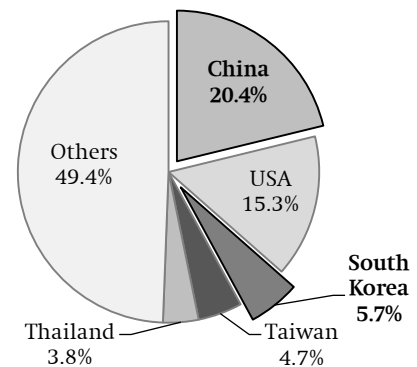
**Graph 14**  
**Japan's main trading partners 2005**



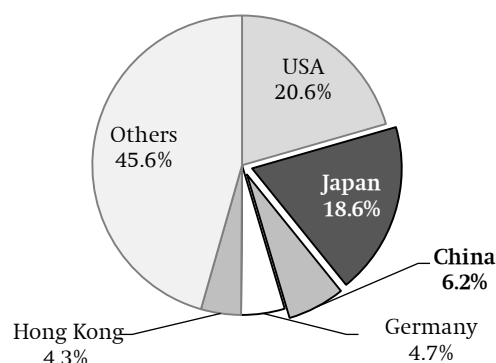
**Graph 12**  
**China's main trading partners 2015**



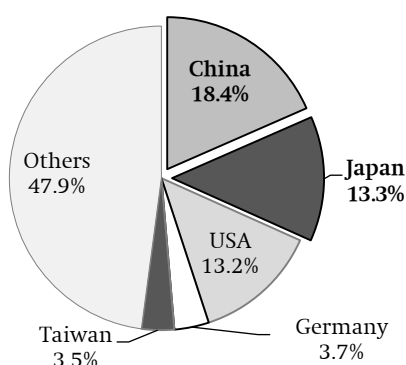
**Graph 15**  
**Japan's main trading partners 2015**



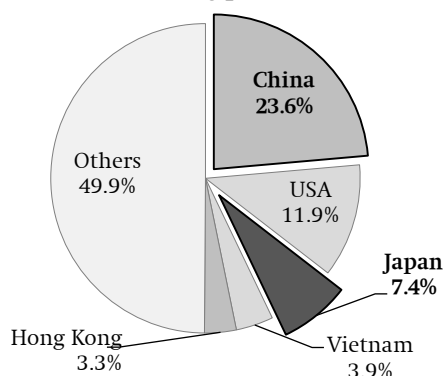
**Graph 16**  
South Korea's main trading partners 1995



**Graph 17**  
South Korea's main trading partners 2005



**Graph 18**  
South Korea's main trading partners 2015



trade dropped from 18.6 to 7.4 percent between 1995 and 2015.

Whilst a free-trade agreement between the three states has been proposed since 2003, to date there is only a bilateral accord between China and South Korea.<sup>58</sup> Since the accord only came into force in December 2015, its impact on bilateral trade cannot yet be calculated. However, economists assume it will be modest, given the low level of trade liberalisations agreed: for instance, passenger cars – an important export sector for Korea – were completely excluded from the tariff reductions.<sup>59</sup>

China nevertheless stresses the potential of a trilateral trade agreement, pointing out that trade between the three states currently only accounts for about 21 percent of their total trade while within the North American Free Trade Area (NAFTA) the figure is 40 percent, and within the EU as much as 65 percent.<sup>60</sup>

Japanese and South Korean direct investment in China has almost continually risen since the early 1990s. The 2015 figures for Japan were just under 109 billion US dollars, for Korea 68 billion US dollars (a substantial amount, given its lower economic performance).<sup>61</sup> Almost a quarter of Korea's foreign direct investment is therefore in China, as are just under 9 percent of Japan's (see graph 19, p. 22). Conversely, Japan is China's third-largest direct investor (5.8 percent of foreign direct investments in China) and Korea

<sup>58</sup> Negotiations began in May 2012. Xi and Park announced a breakthrough in November 2014 on the sidelines of the APEC Summit. The agreement was signed in June 2015. See Shannon Tiezzi, "It's Official: China, South Korea Sign Free Trade Agreement", *The Diplomat*, 2 June 2015, <http://thediplomat.com/2015/06/its-official-china-south-korea-sign-free-trade-agreement/> (accessed 27 July 2016).

<sup>59</sup> Jeffrey J. Schott, Euijin Jung and Cathleen Cimino-Isaacs, *An Assessment of the Korea-China Free Trade Agreement*, Policy Brief 15–24 (Washington, D.C.: Peterson Institute for International Economics, December 2015), <https://piie.com/publications/policy-briefs/assessment-korea-china-free-trade-agreement> (accessed 14 September 2016).

<sup>60</sup> See Lin and Peng, "Jiakuai Zhong Ri Han zimaoku tanpan minalin de huanjing yu zhanlue quxiang" (see note 2), 21.

<sup>61</sup> Details for Japan from: Japan External Trade Organization (JETRO), "Japan's Outward and Inward Foreign Direct Investment", compiled from data from the Japanese finance ministry and Bank of Japan, <https://www.jetro.go.jp/en/reports/statistics/> (accessed 2 August 2016). Details for Korea from: The Bank of Korea, "ECOS Economic Statistics System", [http://ecos.bok.or.kr/flex/EasySearch\\_e.jsp](http://ecos.bok.or.kr/flex/EasySearch_e.jsp) (accessed 2.8.2016).

**Graph 19****Japan's and Korea's direct investment: shares**

	<i>China's share of Japan's foreign direct investments</i>	<i>Korea's share of Japan's foreign direct investments</i>	<i>Japan's share of Korea's foreign direct investments</i>	<i>China's share of Korea's foreign direct investments</i>
1990	0.9	1.3	2.2	0.9
1995	3.1*	1.3*	2.2	18.6
2000	3.1	1.5	1.7	17.0
2005	6.4	2.1	2.2	26.2
2010	8.0	1.8	2.2	26.7
2015	8.6	2.5	2.7	24.4

\* Data for 1996.

**From:**

Data on Japan's direct investment portfolio 1990: Organisation for Economic Cooperation and Development (OECD), "OECDstat", <http://stats.oecd.org/> (accessed 11 June 2016).  
Data on Japan's direct investment portfolio 1996–2015: JETRO, "Japan's Outward and Inward Foreign Direct Investment", compiled from data from the Japanese finance ministry and Bank of Japan, <https://www.jetro.go.jp/en/reports/statistics/> (accessed 11 June 2016).

Data on Korea's direct investment portfolio 1990–2000: Organisation for Economic Cooperation and Development (OECD), "OECDstat", <http://stats.oecd.org/> (accessed 11 June 2016).  
Data on Korea's direct investment portfolio 2005–2015: The Bank of Korea, "ECOS Economic Statistic System", [http://ecos.bok.or.kr/flex/EasySearch\\_e.jsp](http://ecos.bok.or.kr/flex/EasySearch_e.jsp) (accessed 2 August 2016).

its sixth-largest (2.4 percent).<sup>62</sup> However, the real importance of Japan and South Korea for China is likely to be greater than the relative percentage shares indicate, since the majority of investments in China are made via Hong Kong and are thus recorded as direct investments in Hong Kong.

However, Japanese and Korean investment flows during the past few years show a gradual shift in preferences. In proportion to their total foreign investment, Japan's and Korea's investments in China are declining, while the share of investments made in Southeast Asia is rising. For example, in 2005 Korean investments in China still accounted for 39.3 percent of the country's total foreign investments; by 2015 this had dropped to only 10.5 percent.<sup>63</sup> Measured against total Japanese foreign investment, the proportion of investments in China decreased from 14.5 to 6.8 percent over the same period.<sup>64</sup> Rising wage

costs in China seem to be an important factor in this relocation of investments. In a 2015 poll by the Japanese external trade organisation JETRO, an overwhelming majority of the Japanese entrepreneurs active in the Asian region (84 percent) declared that rising wage costs in China were problematic.<sup>65</sup> At the same time, many Southeast Asian countries with their growing markets have become more attractive investment locations. It is hard to say to what extent the political tensions between Beijing and Tokyo, which emerged after 2012, influenced Japanese investors. In interviews, entrepreneurs acknowledge that they take into account these bilateral problems and the associated anti-Japanese sentiment in China.<sup>66</sup>

Proportionate to GDP, the level of foreign direct investment in Japan and Korea is generally modest compared to other OECD states. It is therefore not surprising that within the Northeast-Asia trio, investments in the two countries are also low. In 2015 Korea's share of Japan's foreign direct investment was 2.5 percent; Japan's share of Korea's total was 2.7 per-

<sup>62</sup> International Monetary Fund (IMF), "Coordinated Direct Investment Survey (CDIS)", <http://data.imf.org/?sk=40313609-F037-48C1-84B1-E1F1CE54D6D5&sId=1390030109571> (accessed 24 June 2016).

<sup>63</sup> Korea Eximbank – The Export-Import Bank of Korea, "Foreign Investment Statistics", <https://www.koreaexim.go.kr/site/main/index002> (accessed 20 September 2016).

<sup>64</sup> JETRO, "Japan's Outward and Inward Foreign Direct Investment", compiled from data from the Japanese finance ministry and Bank of Japan, <https://www.jetro.go.jp/en/reports/statistics/> (accessed 2 September 2016).

<sup>65</sup> JETRO, 2015 *JETRO Survey on Business Conditions of Japanese Companies in Asia and Oceania*, 22 December 2015, [https://www.jetro.go.jp/ext\\_images/\\_Reports/01/4be53510035c0688/20150115\\_english.pdf](https://www.jetro.go.jp/ext_images/_Reports/01/4be53510035c0688/20150115_english.pdf) (accessed 15 September 2016).

<sup>66</sup> Stephen Robert Nagy, "Territorial Disputes, Trade and Diplomacy: Examining the Repercussions of the Sino-Japanese Territorial Dispute for Bilateral Trade", *China Perspectives*, no. 4 (2013): 49–57.

cent. China only began investing abroad systematically and in greater amounts after 2000 (in line with its “go out” or “go global” policy). To date, however, neither Japan nor Korea seems to have become a significant target country for Chinese investments. In 2014 Japan’s share of China’s foreign direct investment was 0.3 per cent, as was Korea’s.<sup>67</sup> It is not yet possible to ascertain whether the common investment agreement that came into force in May 2014 has had an effect on investment flows between the three countries.

## The Role of the US in China-Japan-South Korea Relations

Because of its defence alliances with Japan (since 1951) and South Korea (since 1954), the US has a central role in relations between Tokyo, Seoul and Beijing. Since the second half of the 1990s, China has criticised the US’s five bilateral military alliances in the Asia-Pacific as well as the North Atlantic defence alliance, NATO, as “obsolete” and “Cold War remnants”.<sup>68</sup> In the early 2000s, China would admit that the American alliance with Japan also prevented a stronger remilitarisation or even nuclearisation of the country – steps which, technologically, Tokyo could easily have achieved. Since then, however, a primarily negative evaluation has taken hold in China. Japan, it argues, can only afford its uncompromising attitude towards China, for instance over the Senkaku/Diaoyu Islands, because American backing puts Tokyo in a position of strength.<sup>69</sup>

US President Obama, during his visit to Japan in April 2014, confirmed Washington’s position, as formulated in the 1970s: the US would not take sides in resolving whether the disputed islands belonged to Japan or China. Obama declared, however, that the Islands were covered by the bilateral security agree-

ment since they were de facto under Japanese administration. For the first time in public, he emphasised that the US rejected China’s unilateral attempts at weakening Japan’s control over the Islands.<sup>70</sup> During a summit with Prime Minister Abe in February 2017, President Donald Trump confirmed his administration’s view that the bilateral Security Treaty covered the Senkaku Islands.<sup>71</sup>

China is also suspicious about the defence alliance between South Korea and the US, which aims to protect against the military threat emanating from North Korea. Beijing regularly criticises joint US-Korean military drills – especially those carried out in waters close to the coast – for destabilising the region.

Japanese-Korean relations are not only affected by how the US commitment in the region is gauged. Washington also actively influences its two most important allies in Asia since closer cooperation between the three countries strengthens America’s influence in the region and increases its leverage. For example, in the late 1990s, the US initiated trilateral consultations through the Trilateral Cooperation and Oversight Group (TCOG) to facilitate coordinating policies on North Korea. Since Pyongyang’s first atomic test in 2006 and the foundering of the Six-Party Talks in 2009, Washington has attempted to revive those consultations (which had become dormant) as well as the trilateral security cooperation.<sup>72</sup> Following an American initiative, the deputy defence ministers of the US, Japan and South Korea now meet to intensify cooperation on security matters; since 2012 the three countries have been conducting joint manoeuvres, for example a first joint missile-defence drill in mid-2016.<sup>73</sup> However, as the 2012–2015 “ice age” in Japanese-South Korean relations reveals, American influence is lim-

<sup>67</sup> IMF, “Coordinated Direct Investment Survey (CDIS)” (see note 62). Note that much Chinese foreign investment is made via Hong Kong.

<sup>68</sup> See e.g. the report by Jiang Zemin to the 15th Party Congress of the Chinese CP in 1997, “Hold High the Great Banner of Deng Xiaoping Theory for an All-round Advancement of the Cause of Building Socialism with Chinese Characteristics into the 21st Century”, 12 September 1997, [http://www.bjreview.com.cn/document/txt/2011-03/25/content\\_363499\\_14.htm](http://www.bjreview.com.cn/document/txt/2011-03/25/content_363499_14.htm) (accessed 4 November 2016).

<sup>69</sup> For a discussion of this argument, see Eric Hyer, “The U.S. and Japan May Literally Start a War over Rocks in the South China Sea”, *The National Interest*, 2 July 2016, <http://nationalinterest.org/feature/the-us-japan-may-literally-start-war-over-rocks-the-south-16823> (accessed 4 November 2016).

<sup>70</sup> Mark E. Manyin, “The Senkakus (Diaoyu/Diaoyutai) Dispute: U.S. Treaty Obligations”, CRS Report, no. R42761, 14 October 2016, <http://www.fas.org/sgp/crs/row/R42761.pdf> (accessed 11 November 2016).

<sup>71</sup> Julie Hirschfeld Davis and Peter Baker, “In Welcoming Shinzo Abe, Trump Affirms U.S. Commitment to Defending Japan”, *New York Times*, 10 February 2017, [https://www.nytimes.com/2017/02/10/world/asia/trump-shinzo-abe-meeting.html?\\_r=0](https://www.nytimes.com/2017/02/10/world/asia/trump-shinzo-abe-meeting.html?_r=0) (accessed 23 March 2017).

<sup>72</sup> Ayumi Teraoka, “Gaiatsu ga hagukumu nikkān anzenhoshō kyōryoku” [Japan-Korea security cooperation: driven by external pressure], *Seijigaku Kenkyū*, no. 49 (2013): 135–71 (154).

<sup>73</sup> Siehe Prashanth Parameswaran, “US, Japan, South Korea Conduct Joint Missile Drill”, *The Diplomat*, 30 June 2016, <http://thediplomat.com/2016/06/us-japan-south-korea-conduct-joint-missile-drill/> (accessed 25 July 2016).



ited. Nonetheless, President Obama was able to convince President Park and Prime Minister Abe to hold a first meeting on the sidelines of the Nuclear Security Summit in The Hague in March 2014.<sup>74</sup> Additionally, at Washington's urging, Tokyo, Seoul and Washington signed a trilateral agreement on exchanging intelligence on North Korea in December 2014.<sup>75</sup> As mentioned above, an equivalent bilateral agreement between Japan and South Korea foundered in 2012, despite having been fully negotiated. Evidently, the US also engineered a breakthrough in the "comfort women" dispute. The American political scientist Daniel Sneider believes that this December 2015 agreement "could not have been reached without the concerted pressure of the Obama administration".<sup>76</sup>

Relations between the US – the only superpower left after the Cold War – and an economically as well as militarily ambitious China is characterised by mutual distrust, regardless of the two countries' close economic ties. On the US side, it is widely assumed, especially in security circles, that China wants to challenge America's (military) primacy in the West Pacific and make the region more difficult for the US to access. In China, meanwhile, there is a widely held conviction that Washington strives to contain China and obstruct its rise. Beijing views the policy launched under US President Obama of "rebalancing" or "pivoting" towards East Asia as an expression of this American containment and encircling strategy. While the Chinese leadership has been promulgating a "new type of great-power relations" between Beijing and Washington since 2012, which aims to avoid a bilateral confrontation, regionally the signs of a power struggle and strategic rivalry between the two have become more noticeable. Donald Trump's victory in the US presidential elections in November 2016 caused concern in Japan and South Korea, specifically

that the new administration might steer an isolationist course and reduce America's engagement in Asia. Beijing, meanwhile, is bracing itself for a more difficult relationship with the US under its new president, after Trump announced during the election campaign that he would be pursuing a tougher approach to China – both in trade and currency policy and as regards the situation in the South China Sea. It is too early to tell what issues on his agenda Donald Trump will prioritise in Asia.

China views American efforts to bring about a rapprochement between its two allies, Japan and South Korea, with great suspicion. A Chinese author claimed in an article on regional cooperation between China, Japan and South Korea that Seoul's and Tokyo's alliances with the US were making trilateral cooperation more difficult; that they necessarily prevented Japan and South Korea from assuming international responsibility for cooperation in Northeast Asia; and that it was difficult for the three countries to develop common security interests and consensus on a joint approach.<sup>77</sup>

## Conclusion: Prospects for Trilateral Cooperation

Modern history plays a role in all three dyads. This is especially true for the Japanese invasion and colonisation of its two neighbouring states from the late 19th century onwards, and for the Korean War (1950–53) in which all three countries were involved directly or, in the case of Japan, indirectly. Conflicts over the representation of history, territorial disputes and competing narratives on national identity therefore cause tensions in all three sets of relations. However, the impact of the past on the present is markedly different. In the case of China and Korea, the tensions it generates are relatively limited; for Korea's and China's relations with Japan, they are constitutive and constant.

In the past few years, tensions in two of the three dyads have risen considerably – especially between Japan and China, but also between Japan and South Korea, although the 2015 "comfort women" agreement temporarily raised hopes of better Japanese-Korean relations. South Korea and China have steadily

<sup>74</sup> Kentarō Yamamoto, "Kokkō seijōka kara 50nen no nikkān kankei: Rekishi, ryōdo, anzenhoshō mondai o chūshin ni" [Japan-Korea relations 50 years after normalisation: a focus on history, territory and issues in security policy], *Refarensu*, May 2015, [http://dl.ndl.go.jp/view/download/digidepo\\_9368696\\_po\\_077203.pdf?contentNo=1](http://dl.ndl.go.jp/view/download/digidepo_9368696_po_077203.pdf?contentNo=1) (accessed 10 July 2016).

<sup>75</sup> For the text of the agreement, see "Document: Trilateral Agreement to Share Information on North Korean Missile and Nuclear Programs", *USNI News*, 28 December 2014, <https://news.usni.org/2014/12/28/document-trilateral-agreement-share-information-north-korean-missile-nuclear-programs> (accessed 25 July 2016).

<sup>76</sup> Daniel Sneider, *Advancing U.S.-Japan-ROK Trilateral Cooperation: A U.S. Perspective*, NBR Brief (30 March 2016), <http://www.nbr.org/research/activity.aspx?id=662> (accessed 15 July 2016).

<sup>77</sup> See Li Junan, "Zhong-Ri-Han quyu hezuo kunju ji Zhonggupo de celüe" [The dilemma of regional cooperation between China, Japan and Korea, and the Chinese tactic], *Tianfu Xin Lun*, no. 5 (2014): 84–89 (88).

upgraded their relationship, but Seoul's decision to deploy the American THAAD missile defence system has disgruntled Beijing. The deterioration in Sino-Japanese relations is particularly critical for the region's stability. The strategic rivalry between the two powers is exacerbated by the fact that Japan is Washington's most important ally in Asia and by Beijing interpreting the US China policy as a containment strategy. The tensions between Japan and South Korea, by contrast, are less likely to spin out of control and lead to military confrontation. Stabilising factors in this dyad include the fact that Tokyo and Seoul largely agree on the usefulness of the American presence in Asia and that Washington has a moderating influence on its two allies.

Two factors influence the deterioration of China's and Korea's relations with Japan: the power shift between the three countries and their divergent strategic interests, which are based on different threat perceptions. While Japan's economy has stagnated in the past two decades, pushing the country from second to third place in the world's largest economies, China and South Korea have risen to become the second and eleventh-biggest economy, respectively. In keeping with their increased power, Beijing and Seoul are looking to exert more influence internationally; they also represent their interests and claims vis-à-vis Tokyo with more self-confidence. At the same time, dependencies in the relationships have shifted. China and Korea are no longer as dependent on Japanese investment and technology or on bilateral trade with it as they were in the 1990s. On the contrary, Korea and increasingly China have become economic rivals to Japan, for instance in household electronics or the car industry.

The three countries also have very different threat perceptions. While South Korea's attention is primarily directed toward the North of the peninsula, Japan views China, with its growing economic and military potential, as the greatest threat. In turn, China is primarily eyeing the US, which it considers its rival for influence in the region. The divergences this creates between the three actors' strategic interests aggravate conflicts shaped by history and increase mutual distrust.

Two possible conclusions on trilateral cooperation emerge from the negative trends in Sino-Japanese and Korean-Japanese relations. One, it can be assumed that bilateral tensions also have an impact on the trilateral level, making threeway cooperation more difficult. Two, it can also be assumed that the trilateral format

is especially significant in times of heightened tensions. It is in itself remarkable that trilateral cooperation continues at all in the face of bilateral conflicts.

Given the power structure in Northeast Asia, South Korea is often described as a "shrimp among whales". And yet the country has a special role to play among the three actors precisely because, as a medium-sized power, it is not viewed as a threat by its neighbours. However, negative consequences for trilateral cooperation could arise if Tokyo and Beijing increasingly perceive their bilateral relations with Seoul as competitive.

# Trilateral Cooperation

The trilateral cooperation between China, Japan and South Korea, which began in the late 1990s, encompasses a wide range of dialogues. According to the Trilateral Cooperation Secretariat (TCS), these include summit meetings of the heads of government; 19 ministerial conferences, including foreign, environment and health ministers; and over 50 interstate consultations. Within the trilateral configuration, more than 100 cooperative projects have so far been launched to promote social exchange, for instance through expert dialogues or youth summits.<sup>78</sup> These activities are coordinated and administratively supported by the joint secretariat in Seoul, which was established in 2011.

## Origins and Development

Trilateral cooperation began in the context of the Asian financial crisis of 1997–1998 as informal talks on the sidelines of joint meetings with the ASEAN states (so-called “ASEAN Plus Three”, or APT, meetings). The idea for annual meetings between the three countries was raised by the then-Japanese Prime Minister Keizo Obuchi in 1999, who saw a need for more intensive cooperation on economic policy in the region, given that the symptoms of the crisis persisted.<sup>79</sup> An early result of these joint talks was the Chiang Mai Initiative, which was officially announced at the APT Summit in March 2000 and continues, with some adaptations, to this day. Under this initiative, the ASEAN states as well as China, Japan and Korea agreed to create a network of bilateral currency-swap agreements to prevent a renewed financial crisis in the region.<sup>80</sup> In 2001 the trio’s heads of government also

began a dialogue on topics such as environmental protection, fishing, terrorism and cross-border crime.<sup>81</sup> A new series of trilateral talk formats was introduced. These include track 1 talks (between government officials) – including meetings of the environment ministers (since 1999), finance ministers (since 2001), economy and trade ministers (since 2002) and tourism ministers (since 2006) – and also numerous track 2 dialogues between academics, former government officials and civil-society figures.<sup>82</sup>

Trilateral cooperation suffered its first setback in 2005 when the trio did not meet for summit talks on the sidelines of the APT summit, primarily due to tensions between China and Japan.<sup>83</sup> China used the October 2005 visit by the Japanese Prime Minister Junichiro Koizumi to the controversial Yasukuni Shrine – already the fifth visit during his time in office, but an especially symbolic one, coming 60 years after the end of the War – as a reason to cancel the meeting. The trilateral summits resumed at the next APT meeting, in January 2007, after Abe Shinzo had become prime minister of Japan.<sup>84</sup>

From 2007 to 2012 trilateral cooperation was considerably institutionalised and intensified, primarily thanks to Japanese and Korean initiatives. The changes of government in Tokyo and Seoul and the 2008–2009 financial crisis were critical for this development. Following a proposal by the new Japanese Prime Minister Fukuda Yasuo, China, Japan and South Korea agreed at the November 2007 APT meeting to hold their trilateral meetings annually and outside the APT format from then on.<sup>85</sup> Trilateral cooperation was also boosted by Lee Myung-bak taking up office as president of South Korea in 2008, which improved relations between

<sup>78</sup> Trilateral Cooperation Secretariat (TCS), *Trilateral Cooperation Overview*, no date, <http://www.tcs-asia.org/en/data/overview.php> (accessed 16 June 2016).

<sup>79</sup> Andrew I. Yeo, “South Korea’s Role in China-Japan-Korea Trilateral Relations” (unpublished paper presented as part of CSIS Korea Chair Project on “Study of South Korea as a Global Power”, 8 February 2016), 2f.

<sup>80</sup> Saori Katada, *Banking on Stability: Japan and the Cross-Pacific Dynamics of International Financial Crisis Management* (Ann Arbor: University of Michigan Press, 2001), 186.

<sup>81</sup> TCS, *Trilateral Summit Meeting on the Occasion of ASEAN+3 Summit*, 5 November 2001, no date, [http://tcs-asia.org/bbs/board.php?bo\\_table=catg&wr\\_id=7&sca=85](http://tcs-asia.org/bbs/board.php?bo_table=catg&wr_id=7&sca=85) (accessed 23 November 2016).

<sup>82</sup> TCS, *Trilateral Cooperation Mechanisms*, no date, <http://www.tcs-asia.org/en/data/mechanism.php> (accessed 17 June 2016).

<sup>83</sup> Yeo, “South Korea’s Role in China-Japan-Korea Trilateral Relations” (see note 79), 3.

<sup>84</sup> The tenth APT meeting was originally scheduled for December 2006 in the Philippines, but was postponed to January 2007 because of a typhoon warning.

<sup>85</sup> Yeo, “South Korea’s Role in China-Japan-Korea Trilateral Relations” (see note 79), 3.

Japan and Korea. Lee's suggestion of establishing a permanent secretariat in Seoul to institutionalise the trilateral format was met with approval at the 2010 summit – especially by the new Japanese Prime Minister Yukio Hatoyama, for whom regional cooperation was a foreign-policy priority.<sup>86</sup> The three states equally share the expenses of the secretariat with its staff of 30. The post of secretary-general alternates between the three countries every two years, with the two deputy secretaries-general always coming from the other two countries.

The global financial crisis in 2008–2009 prompted China, Japan and South Korea to strengthen their cooperation on financial and economic issues. For example, the three countries agreed in 2008 to create an Asian fund of 80 billion US dollars to manage short-term regional liquidity problems and thus avert the negative consequences of the financial crisis for the region.<sup>87</sup> In 2009 the three states also initiated a regular dialogue between the chairpersons of their central banks. In 2010 the existing network of currency-swap agreements set up by the Chiang Mai Initiative was replaced by a multilateral swap agreement between China, Japan, South Korea and the ASEAN states; at the same time, a macroeconomic regulatory authority for the region was created.<sup>88</sup> Additionally, in 2012 Beijing, Tokyo and Seoul concluded a trilateral investment protection agreement that came into force in May 2014 and aims to facilitate investments between the three countries.<sup>89</sup> The trio also decided in 2012 to open official negotiations on a free trade agreement; a feasibility study for such an accord already existed.

During this phase, the three countries established a series of additional regular government consultations, including meetings of the foreign ministers (since 2007), health ministers (since 2007), agriculture minis-

ters (since 2012) and heads of the disaster protection authorities (since 2009).<sup>90</sup> The total number of trilateral meetings rose from 55 in 2006 to over 90 in 2010–2011 (see graph 20, p. 29). The three countries also emphasised their readiness to intensify cooperation in a joint ten-year plan, the so-called Vision 2020. In the plan, the trio agreed to cooperate more closely on the economy, environmental protection, and social and cultural exchanges, and to make joint efforts to improve regional and international security, especially in dealing with non-traditional security risks such as terrorism, drug-smuggling and infectious diseases.<sup>91</sup>

From 2012 to 2014, trilateral cooperation stagnated once again. This was due to bilateral tensions, especially between Japan and China (caused by the nationalisation of the Senkaku/Diaoyu Islands, see above) but also between Japan and Korea (because of South Korean President Lee Myung-bak's visit to the Dokdo/Takeshima Islands in August 2012).

China used the bilateral disagreements as a reason to call off trilateral meetings of the heads of government as well as meetings of the foreign, economy and trade ministers in 2013–2014.<sup>92</sup> Whilst a total of 91 trilateral meetings had taken place in 2011, by 2013 that number dropped to 66. The reduction almost exclusively concerned high-ranking track 1 dialogues between government officials, while civil-society dialogues and track 1.5 dialogues (meetings between government officials and non-official figures) continued virtually unchanged.<sup>93</sup> The dialogues that did take place between government officials primarily addressed less politically sensitive areas, such as environmental protection, disaster prevention and logistics. The annual meetings of the environment ministers, for example, were continued, even though China only sent the deputy minister rather than the minister himself, apparently as a sign of protest.<sup>94</sup>

<sup>86</sup> Interview with Shin Bong-kil, former secretary-general of the Trilateral Cooperation Secretariat, Seoul, December 2015.

<sup>87</sup> Kent Calder and Min Ye, *The Making of Northeast Asia* (Palo Alto: Stanford University Press, 2010), 97.

<sup>88</sup> Hanns Günther Hilpert and Howard Löwen, *Auf dem Weg zu einem asiatischen Währungsfonds?*, SWP-Aktuell 53/2010 (Berlin: Stiftung Wissenschaft und Politik, July 2010), [https://www.swp-berlin.org/fileadmin/contents/products/aktuell/2010A53\\_Hlp\\_ks.pdf](https://www.swp-berlin.org/fileadmin/contents/products/aktuell/2010A53_Hlp_ks.pdf) (accessed 8 February 2017).

<sup>89</sup> Simon Böhmer and Patrick Köllner, *Trilaterale Kooperation zwischen China, Japan und Südkorea: Aufbruch zu neuen Ufern in Nordostasien?*, GIGA Focus 4/2012 (Hamburg: German Institute of Global and Area Studies [GIGA], 2012); see also TCS, *Annual Report Fiscal Year 2013–14*, no date: 15, [http://file.tcs-asia.org/file\\_manager/files/tcs/publication/annual/2013-2014%20TCS%20Annual%20Report.pdf](http://file.tcs-asia.org/file_manager/files/tcs/publication/annual/2013-2014%20TCS%20Annual%20Report.pdf) (accessed 20 June 2016).

<sup>90</sup> TCS, *Trilateral Cooperation Mechanisms*, no date, <http://www.tcs-asia.org/en/data/mechanism.php> (accessed 17 June 2016).

<sup>91</sup> Trilateral Summit, *Trilateral Cooperation VISION 2020*, 30 May 2010, <http://www.mofa.go.jp/region/asia-paci/jck/summit1005/vision2020.html> (accessed 7 June 2016).

<sup>92</sup> J. Berkshire Miller, "The Virtues of Trilateralism in Northeast Asia" (Waterloo, Ontario [Canada]: Centre for International Governance Innovation, 17 December 2014), <https://www.cigionline.org/articles/virtues-trilateralism-northeast-asia> (accessed 16 January 2017).

<sup>93</sup> Compiled from data from the TCS website, TCS Annual Report and media reports.

<sup>94</sup> Anon., "Nicchūkan no taiwa: Kankyō kyōryoku o tsugi he tsunage" [Dialogue between Japan, China and Korea: pushing

In 2015 the trilateral format was revived, first via a meeting of the foreign ministers in March and then via a summit in November. No diplomatic breakthrough was achieved; however, the three countries' heads of government did agree to hold such top-level talks again regularly and strengthen trilateral cooperation, for instance through a high-ranking dialogue on the Arctic.<sup>95</sup> They also announced that they planned to accelerate negotiations on a joint free-trade agreement. At the summit, Japan proposed establishing a Trilateral Cooperation Fund (TCF) to enable the trilateral secretariat to drive projects forward more independently.<sup>96</sup> Although the final decision is still pending, the heads of government did note in their joint declaration that such a fund would be very useful for developing joint projects.<sup>97</sup> As early as March 2015, the three sides also agreed to pursue Beijing's 2013 proposal to establish a Network of Trilateral Cooperation Think-Tanks (NCTC).<sup>98</sup> This network is supposed to draw up recommendations for intensifying trilateral cooperation and thus provide impetus for governmental talks. By 2015, total trilateral meetings (81) were already back to the 2012 level (80 meetings, see graph 20).

Two factors favoured the resumption of summit meetings. One, in 2014 the three sides seem to have reached the conclusion that the tense political situation between Japan and its two neighbours was hampering functional cooperation and represented a serious risk for the region, given the countries' high levels of interdependence.<sup>99</sup> The three countries used bilateral and trilateral channels to bring about a renewed rapprochement. The deputy foreign ministers, for instance, agreed at a meeting in September 2014 to strengthen cooperation and explore the possibility

environmental cooperation to the next level], *Asahi Shimbun*, 8 May 2013.

<sup>95</sup> The first trilateral dialogue on the Arctic took place in April 2016. See e.g.: Anon., "Korea, Japan, China Hold Talks on Arctic Affairs", *Korea Herald*, 28 April 2016, <http://www.koreaherald.com/view.php?ud=20160428000608> (accessed 10 May 2016).

<sup>96</sup> Interview with Shin Bong-kil, former secretary-general of the Trilateral Cooperation Secretariat, Seoul, December 2015.

<sup>97</sup> Trilateral Summit, "Joint Declaration for Peace and Cooperation in Northeast Asia", 1 November 2015, [http://www.mofa.go.jp/a\\_o/tp/page1e\\_000058.html](http://www.mofa.go.jp/a_o/tp/page1e_000058.html) (accessed 8 June 2016).

<sup>98</sup> TCS, *Trilateral Cooperation Secretariat Annual Report for Fiscal Year 2014-2015*, no date: 33, [http://file.tcs-asia.org/file\\_manager/files/tcs/publication/annual/2014-2015%20TCS%20Annual%20Report.pdf](http://file.tcs-asia.org/file_manager/files/tcs/publication/annual/2014-2015%20TCS%20Annual%20Report.pdf) (accessed 25 November 2016).

<sup>99</sup> Interview with Cheol-Hee Park, Seoul National University, Seoul, December 2015.

of a trilateral foreign ministers' meeting.<sup>100</sup> Two, South Korea has actively attempted to revive the three-way format in order to counteract further deterioration in the fraught Sino-Japanese relationship.<sup>101</sup> Seoul used the trilateral format to breathe life back into communication between its two neighbours and to position itself as the mediator. In turn, in joint press statements Tokyo and Beijing acknowledged Seoul's "active role" in the three-way configuration from 2013 to 2015.<sup>102</sup>

## The Trilateral Format: A Balance Sheet

China, Japan and Korea are focusing their cooperation on politically less sensitive issues which have fairly good prospects of developing commonality. The highest number of trilateral dialogues and consultations concern the economy, followed by environmental protection, and social and cultural affairs (see graph 20). However, even those dialogues that the TCS categorises as concerning politics and security primarily address non-traditional security issues, such as counter-terrorism, nuclear security and cybersecurity. At summits and foreign ministers' meetings, the three countries do discuss regional and international developments, but concrete cooperation on traditional security questions has so far failed to materialise.

The former TCS secretary-general, Shin Bong-kil, deems that the greatest progress in trilateral cooperation has been made in environmental protection.<sup>103</sup> Yet, to date this cooperation has rarely gone beyond joint research, data modelling, and exchanges of expertise and experience in environmental measures.<sup>104</sup>

**100** Trilateral Senior Foreign Officials, *Outcome of the 9th Korea-Japan-China Trilateral Senior Foreign Officials' Consultation*, 11 September 2014, <http://www.mofa.go.kr/webmodule/htsboard/template/read/engreadboard.jsp?typeID=12&boardid=302&seqno=314230> (accessed 8 June 2016).

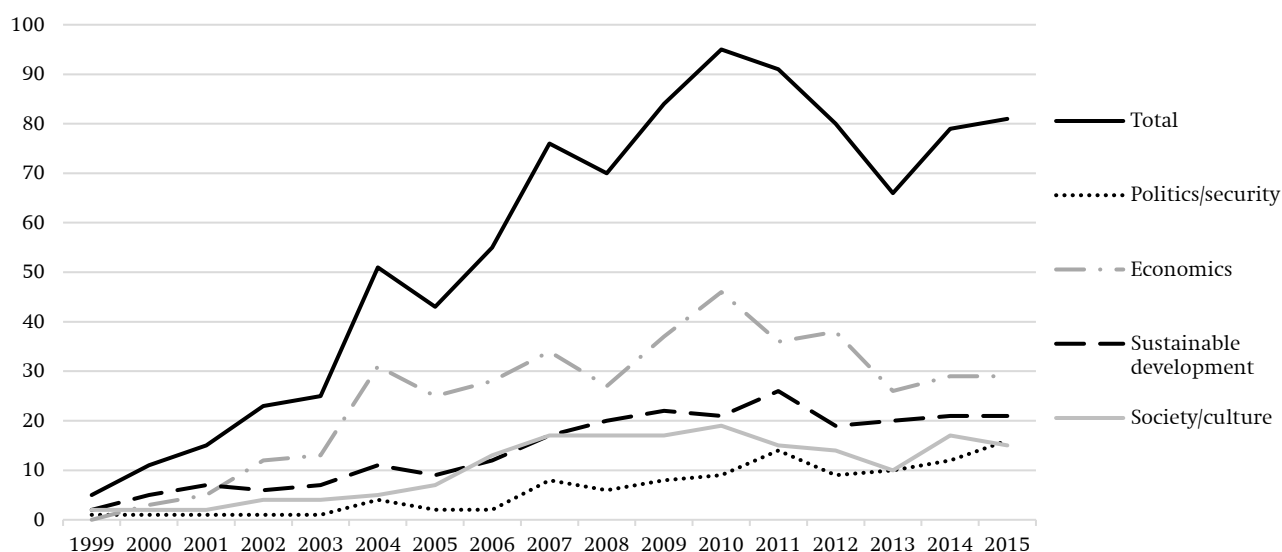
**101** Yanghyeon Jo, *The Accomplishments and Significance of the Korea-China-Japan Trilateral Summit*, IFANS-Brief 26/2015 (Seoul: The Institute of Foreign Affairs and National Security [IFANS], 19 November 2015).

**102** Trilateral Foreign Ministers, "Joint Press Release of the Seventh Japan-China-ROK Trilateral Foreign Ministers' Meeting", 22 March 2015, [http://www.mofa.go.jp/a\\_o/rp/page3e\\_000312.html](http://www.mofa.go.jp/a_o/rp/page3e_000312.html) (accessed 3 June 2016); Trilateral Senior Foreign Officials, *Outcome of the 9th Korea-Japan-China Trilateral Senior Foreign Officials' Consultation* (see note 100).

**103** Interview with Shin Bong-kil, former secretary-general of the Trilateral Cooperation Secretariat, Seoul, December 2015.

**104** Anon., "PM 2.5 Taisaku de Seisaku Taiwa" [Political dialogue on PM 2.5 (fine particle) measures], *Nihon Keizai Shimbun*, 7 May 2013.

**Graph 20**  
**Number of trilateral meetings 1999–2015: overall and by topic**



Source: data from the TCS website, TCS Annual Report and media reports.

None of the three countries has shown any interest in binding agreements or control mechanisms for implementing them. It is also unclear what the division of labour is between the trilateral format under the TCS and other regional dialogues on environmental protection, created as long ago as the 1990s. Air pollution, for instance, is a highly relevant issue for all three countries because seasonal winds spread desert sand and acidic pollutants over the entire region.<sup>105</sup> Since 2014 representatives of the three countries have been meeting for the Tripartite Policy Dialogue on Air Pollution (TPDAP). However, two other projects in this field have existed since the late 1990s: the Acid Deposition Monitoring Network in East Asia (EANET), which is under the aegis of Japan and has 13 member states, and the Long-range Transboundary Air Pollution Project (LTP), which is led by South Korea and has been joined by Japan and China.<sup>106</sup> In other areas of environmen-

tal protection, the trilateral format also duplicates pre-existing dialogues and cooperation. But even in the absence of a clear division of labour (and therefore of a correspondingly clear added value), trilateral consultations are certainly making a contribution to the regional exchange of information on the environment, a contribution whose value should not be underestimated despite all criticism.<sup>107</sup>

In economic matters, the currency-swap agreements – intended to protect against currency and financial crises – are among the greatest successes of the cooperation between China, Japan, Korea and the ASEAN states. The trilateral investment protection agreement concluded in 2012 regulates the protection of intellectual property and prohibits, for example, the practice of forcing foreign companies to use domestic delivery firms. In addition, it has rules on arbitration of disputes between investors and the state.<sup>108</sup> In this, the trilateral agreement goes beyond existing bilateral accords. Yet quite a few restrictions on invest-

<sup>105</sup> Reinhard Drifte, *Transboundary Pollution as an Issue in North-east Asian Regional Politics*, ARC Working Paper 12/2005 (London: Asia Research Centre [ARC], 2005), 16, [http://www2.lse.ac.uk/asia/ResearchCentre/\\_files/ARCWP12-Drifte.pdf](http://www2.lse.ac.uk/asia/ResearchCentre/_files/ARCWP12-Drifte.pdf) (accessed 15 June 2016).

<sup>106</sup> Sangmin Nam and Heejoo Lee, “Reverberating beyond the Region in Addressing Air Pollution in Northeast Asia” (Paper presented at Workshop “Comparing Regional Environmental Governance in East Asia and Europe”, Kyoto, 24/25

January 2013), 2, [http://www.reg-observatory.org/docs/EEREG\\_NamLee.doc](http://www.reg-observatory.org/docs/EEREG_NamLee.doc) (accessed 2 August 2016).

<sup>107</sup> Yasumasa Komori, “Evaluating Regional Environmental Governance in Northeast Asia”, *Asian Affairs: An American Review* 37, no. 1 (2010): 1–25 (13f).

<sup>108</sup> Anon., “Chūgoku shinshutsu kigyō no hogo kakudai” [Extended protection for companies that go to China], *Yomiuri Shimbun*, 18 May 2014.

ments remain. China continues to ban foreign investors from becoming majority owners of Chinese car or steel companies.<sup>109</sup> Other critical issues were also excluded from the agreement, such as improved market-access rights in China or the introduction of a so-called negative list, which would explicitly list sectors to which foreign investors are granted only limited access. It therefore remains to be seen to what extent the agreement stimulates investment between the three countries. The 2015 numbers, at least, show no increased investment among the trio.

The idea of a trilateral free-trade agreement has been under discussion since 2002, but the negotiations, which have been ongoing since 2013, have been challenging. A TCS report from December 2016 notes that the talks “have progressed very slowly, although some limited results have been achieved”.<sup>110</sup> So far, the parties have not even been able to agree on a date by which the negotiations should be concluded.<sup>111</sup> South Korea is currently showing the least enthusiasm in the negotiations as it considers itself to have a competitive advantage over Japan on the Chinese market due to its 2015 free-trade agreement with China.<sup>112</sup> A trilateral accord could negate South Korea’s advantage and would thus be positive for Japan.<sup>113</sup> China’s interest in a trilateral free-trade zone has grown since 12 Pacific Rim states – including the US, Canada and Japan – concluded a comprehensive free-trade agreement (the Trans-Pacific Partnership or TPP) in late 2015. In Beijing the TPP caused concerns that fundamental trade and investment rules for the region were being negotiated in China’s absence. It has therefore called for an acceleration of the trilateral FTA negotiations.<sup>114</sup> A central question is whether the trilateral free-trade agreement being sought would be modelled on the already existing one between China and South Korea or else on the TPP. The latter would be much more ambitious and would require enormous concessions from China.<sup>115</sup> A few days after taking up

office, President Trump signed a decree to withdraw the US from the TPP. This does not necessarily mean that China will lose interest in large free-trade agreements. President Xi Jinping emphasised China’s continued commitment to globalisation and free trade as well as corresponding regional agreements, both at the APEC Summit in Peru in November 2016 and at the World Economic Forum in Davos in January 2017. If the Chinese interpret the anti-globalisation protest movements in western industrialised nations as being essentially aimed at China, the pressure to make concessions might even grow.

In social and cultural affairs, China, Korea and Japan have initiated a number of civil-society dialogues, such as various youth-exchange programmes. The three countries want to simplify study periods abroad for students through the project Collective Action for the Mobility Program of University Students in Asia (CAMPUS Asia) by mutually recognising academic results and granting scholarships.<sup>116</sup> The programme, which was in its test phase until early 2016, has been compared to the EU’s Erasmus programme by TCS Secretary-General Yang Houlan.<sup>117</sup> That comparison seems premature since the scope and institutionalisation of CAMPUS Asia are still modest: only about 2,000 students from the three countries took part in the four-year test phase.<sup>118</sup>

Some experts have been critical of the trio for not consistently implementing group decisions.<sup>119</sup> One reason for this may be that objectives tend to be formulated only loosely at summit meetings. The ten-year plan for trilateral cooperation adopted in 2010, Vision 2020, illustrates this perfectly. The plan – which Tokyo, Beijing and Seoul view as a milestone – lists over 40 points on which the countries intend to

**109** Anon., “Nicchūkan tōshikyōtei, kyō hakkō” [Investment agreement between Japan, China and Korea comes into force today], *Asahi Shimbun*, 17 May 2014.

**110** TCS, *2016 Trilateral Economic Report*, December 2016: 60.

**111** Satoshi Kiyoi, “TPP, Mega-FTA ni eikyō wa” [TPP: an influence on mega-FTAs?], *Asahi Shimbun*, 17 October 2015.

**112** Anon., “Chūkan FTA, Kankoku hijun” [Chinese-Korean FTA: Korea’s ratification], *Asahi Shimbun*, 1 December 2015.

**113** Anon., “Chūkan, FTA ni shomei” [China-Korea: signing the FTA], *Asahi Shimbun*, 2 June 2015.

**114** Anon., “Chūkan FTA, Kankoku hijun” (see note 112).

**115** See Jiang Yuechun, “Zhong Ri Han shounao huiwu chongqi yu sanfang hezuo de weilai” [Resumption of China-

Japan-Korea summits and the future of trilateral cooperation], *Dangdai Shijie*, no. 12 (2015): 25–28.

**116** Ja-hyun Chun, “Can CAMPUS Asia Program Be a Next ERASMUS? The Possibilities and Challenges of the CAMPUS Asia Program”, *Asia-Europe Journal* 14, no. 3 (2016): 279–96.

**117** Yang Houlan, “Progressive Future of China, Japan and the ROK Depends on Educational Cooperation”, Statement of 27 January 2016 [http://www.tcs-asia.org/bbs/board.php?bo\\_table=letter&wr\\_id=15](http://www.tcs-asia.org/bbs/board.php?bo_table=letter&wr_id=15) (accessed 4 August 2016).

**118** Ibid.

**119** Interview with Jaewoo Choo, Kyunghee University, Seoul, December 2015; Christian Wirth, “The Nexus between Traditional and Non-Traditional Security Cooperation in Japan-China Relations: Environmental Security and the Construction of a Northeast Asian Region”, *Asian Regional Integration Review* 2 (2010): 69–86 (81).

cooperate more closely, but sets hardly any concrete targets.<sup>120</sup>

## The Significance of the Trilateral Format

Overall, trilateral cooperation continues to be fragile, despite its institutionalisation. It excludes traditional security issues almost entirely and, even in less politically sensitive areas, it can only claim negligible successes. Tensions between China and Japan, in particular, led to a marked reduction in trilateral dialogues in 2013 and 2014.

And yet, despite this sobering balance sheet, the threeway cooperation is not insignificant. The format offers a framework for exchanging views and interests and stimulating group projects. Whenever bilateral relations deteriorate, the trilateral format at least contributes to keeping open channels of communication below the level of “high politics”. When historical animosities flare up, bilateral summit meetings with Japan are domestically controversial in China and South Korea. At those moments, the threeway format offers political “camouflage” for talks.<sup>121</sup> President Park thus considered the November 2015 trilateral summit to be the best context for her first bilateral meeting with Abe as well.<sup>122</sup>

Shigeo Iwatani, TCS secretary-general from September 2013 to August 2015, acknowledged in an interview with the Chinese newspaper *Global Times* that trilateral cooperation in policy and security was not yet well developed and that opportunities needed to be created that could actually be realised. He attributed a stabilising role to the TCS in a difficult political environment. He also emphasised that the threeway cooperation was open to further actors, such as Russia, Mongolia or the US. In this context, he pointed to the collaboration between the TCS and the Northeast Asia Peace and Cooperation Initiative (NAPCI), led by South Korean President Park Geun-hye.<sup>123</sup>

**120** Trilateral Summit, *Trilateral Cooperation VISION 2020* (see note 91).

**121** Miller, *The Virtues of Trilateralism in Northeast Asia* (see note 92).

**122** According to Shin Bong-kil, see: TCS, *Challenges and Opportunities – Ushering into a New Era: International Forum for Trilateral Cooperation 2015, Final Outcome Report*, 3 April 2015, [http://file.tcs-asia.org/file\\_manager/files/tcs/publication/forum/IFTC%202015%20Final%20Outcome%20Report.pdf](http://file.tcs-asia.org/file_manager/files/tcs/publication/forum/IFTC%202015%20Final%20Outcome%20Report.pdf) (accessed 8 February 2017).

**123** See: Anon., “Trilateral Cooperation in East Asia Essential”, *Global Times*, 29 September 2015, <http://www.globaltimes.cn/content/944997.shtml> (accessed 1 August 2016).

China, Korea and Japan use their cooperation to pursue different interests, which might limit the potential of the trilateral format. For Korea, the three-way format offers a chance to meet its two more powerful neighbours on an equal footing and make a more significant mark in foreign policy.<sup>124</sup> A number of Korean experts believe that Seoul can mediate between China and Japan and so avoid being caught in this regional rivalry.<sup>125</sup>

China sees trilateral cooperation as central to the region’s economic development and political stability; at the same time, it views it as an instrument for counteracting “external pressure” (i.e. from the US, with its “rebalancing to Asia”).<sup>126</sup> Beijing hoped to counter the US-dominated TPP with a trilateral free-trade agreement<sup>127</sup>, but also concedes that strengthening economic cooperation is a priority because in the short term no breakthroughs in policy or security can be expected between China, Japan and Korea.<sup>128</sup> For Beijing, free trade between the three countries is also an important building block for wider trade liberalisation projects in the region, such as the Regional Comprehensive Economic Partnership (RCEP, encompassing ASEAN+6) and the Free Trade Area of the Asia-Pacific (FTAAP, APEC-wide). Japanese observers believe, moreover, that China wants to use the trilateral cooperation to strengthen the ASEAN+3 format (all ASEAN countries plus China, Japan and Korea) against the ASEAN+6 configuration (ASEAN plus China, Japan, Korea, India, New Zealand and Australia, now extended to include Russia and the US as well), which is favoured by Japan.<sup>129</sup>

**124** Yeo, *South Korea’s Role in China-Japan-Korea Trilateral Relations* (see note 79).

**125** Interview with Park Cheol-Hee, Seoul National University, Seoul, December 2015; Jo, *The Accomplishments and Significance of the Korea-China-Japan Trilateral Summit* (see note 101), 5.

**126** See e.g. Sun Wei, “Zhong Ri Han quyu hezuo mianlin de kunjing ji jie jue lujing” [The difficult situation in regional cooperation between China, Japan and Korea, and ways to solve it], *Chanye yu Keji Luntan* 14, no. 22 (2015): 8f. Siehe auch Yuechun, “Zhong Ri Han shounao huiwu chongqi yu sanfang hezuo de weilai” (see note 115), 28.

**127** See e.g. Li Wei, “Ni you TPP, wo you Zhong Ri Han zimao-qu” [You have the TPP, I have the free-trade area China-Japan-Korea], *Zhongguo Jingji Zhoukan*, 28 November 2011, [http://paper.people.com.cn/zgjzk/html/2011-11/28/content\\_973375.htm?div=-1](http://paper.people.com.cn/zgjzk/html/2011-11/28/content_973375.htm?div=-1) (accessed 8 August 2016).

**128** See Yuechun, “Zhong Ri Han shounao huiwu chongqi yu sanfang hezuo de weilai” (see note 115), 26.

**129** Hyo Sang Yoo, *China-Japan-Korea Free Trade Agreement (CJK FTA) and the Prospect of Regional Integration from the Perspective of Northeast Asian Identity* (master’s dissertation at Université



Japan uses the threeway format to integrate China and keep channels of communication open.<sup>130</sup> However, it is growing less confident in its ability to be the agenda-setter – presumably because it worries that South Korea might increasingly take China’s side.<sup>131</sup> That would explain Japan’s efforts under Abe to collaborate more closely in security matters with other states both within and outside the region.

America’s stance on the threeway format is ambivalent, as Christopher Hill, the former deputy foreign minister for East Asia and the Pacific, observes. On the one hand, Washington encouraged the trio to hold its foreign ministers’ meeting in March 2015; on the other hand, the US government is concerned that successful trilateral cooperation might reduce its ability to push its own interests in the region and contain China.<sup>132</sup>

A trilateral summit planned for 2016 was cancelled due to the domestic political crisis in South Korea.<sup>133</sup> According to Japanese reports, Beijing also had blocked preparations for the meeting, allegedly because it was annoyed by Tokyo’s increasingly open opposition to China’s activities in the South China Sea.<sup>134</sup> The three foreign ministers did meet in Tokyo in August 2016.<sup>135</sup> It remains to be seen, nevertheless, whether cooperation between the three countries really has been “com-

pletely normalised”, as the Japanese Foreign Minister Fumio Kishida claimed in July 2016.<sup>136</sup>

du Québec à Montréal, 2014), <http://www.archipel.uqam.ca/6467/1/M13468.pdf> (accessed 4 August 2016).

**130** Sarah Teo, “What Does the China-Japan-South Korea Trilateral Summit Mean for East Asia?”, *East Asia Forum*, 27 November 2015, <http://www.eastasiaforum.org/2015/11/27/what-does-the-china-japan-south-korea-trilateral-summit-mean-for-east-asia/> (accessed 4 June 2016).

**131** Interview with Shin Bong-kil, former secretary-general of the Trilateral Cooperation Secretariat, Seoul, December 2015.

**132** Christopher R. Hill, “Northeast Asia’s Shared Destiny”, *Project Syndicate*, 26 March 2015, <https://www.project-syndicate.org/commentary/china-south-korea-japan-trilateral-cooperation-by-christopher-r-hill-2015-03?barrier=true> (accessed 28 March 2015).

**133** Anon., “Summit between China, Japan and South Korea Postponed until 2017 amid Turmoil in Seoul”, *South China Morning Post*, 13 December 2016, <http://www.scmp.com/news/asia/diplomacy/article/2054139/trilateral-summit-between-china-japan-south-korea-postponed> (accessed 25 January 2017).

**134** Yoshihiro Makino, “China in No Rush for Trilateral Meeting with Japan, S. Korea”, *Asahi Shimbun*, 15 June 2016, <http://www.asahi.com/ajw/articles/AJ201606150056.html> (accessed 15 June 2016).

**135** For the outcomes, see the website of the Japanese foreign ministry: “Japan-China-ROK Trilateral Foreign Ministers’ Meeting, 24 August 2016”, [http://www.mofa.go.jp/a\\_o/rp/page3e\\_000536.html](http://www.mofa.go.jp/a_o/rp/page3e_000536.html) (accessed 25 November 2016).

**136** Anon., “Japan Calls for Trilateral Summit with China, South Korea This Year”, *The Japan Times*, 26 July 2016, [http://www.japantimes.co.jp/news/2016/07/26/national/politics-diplomacy/japan-calls-trilateral-summit-china-south-korea-year/#.V\\_TN47ea2QM](http://www.japantimes.co.jp/news/2016/07/26/national/politics-diplomacy/japan-calls-trilateral-summit-china-south-korea-year/#.V_TN47ea2QM) (accessed 5 October 2016).

## Bilateral and/or Trilateral: The Outlook

Competing historical narratives, territorial disputes and divergent strategic interests limit the cooperation between China, Japan and South Korea – on both the bilateral and trilateral level. In Sino-Korean relations, the historical legacy only plays a minor part and, compared to the other two dyads, causes fewer tensions. And yet even this relationship is not without problems, as developments in 2016 have shown. Relations worsened noticeably after June of that year, when Seoul announced its decision to deploy the American missile defence system, THAAD.

In the past few years, the volatility and tensions within the Northeast Asian triangle have primarily been caused by competition for primacy in the Asia Pacific between the US and China. Against this backdrop, China and Japan are each suspicious about the other's rapprochement with South Korea, instead of seeing it as positive momentum for regional stability. In turn, Seoul is watching the increasing Sino-Japanese rivalry with concern, but has little influence over it. Possibilities for developing the trilateral cooperation format between China, Japan and Korea will remain limited during the next few years if Sino-American relations continue to be primarily or even increasingly characterised by strategic competition. However, should the US under President Trump reduce its commitment to Asia – as its allies fear – and/or make strategic concessions to China, then repercussions on the trilateral format are hard to predict. Beijing might try to extend its regional influence by strengthening multilateral forms of cooperation in which the US does not participate. China has already announced its intention to drive forward the RCEP free-trade agreement, which encompasses the ten ASEAN states as well as Australia, China, India, Japan, South Korea and New Zealand. This announcement followed Trump's declaration in November 2016 that he would withdraw from the trans-Pacific FTA, TPP, at the start of his period in office.

Optimists argue that the economic interdependencies of China, Japan and South Korea have a moderating influence on bilateral relations. However, following that logic, the fact that the reciprocal economic significance of Japan and China and Japan and Korea is, if anything, declining might well have a negative

impact. In addition, China evidently resorts to coercive economic measures (rare earths, tourism) when there are political tensions, even though it will not officially acknowledge it. Yet even if the socio-economic interdependence in Northeast Asia persists, political relations within the trio are likely to remain extremely fragile. Public opinion is deteriorating in all three dyads.

Cooperation on security policy is very weak in all three bilateral relations – surprisingly so in the case of South Korea and Japan, since both are allies of the US. The distribution of power between the three regional states has shifted since circa 2010. South Korea is still the “shrimp among whales”, but Japan has lost in relative economic weight during the past decade and a half, and has been overtaken by China as the world's second-largest economy.

North Korea's threatening behaviour and its progress in nuclear and missile programmes force South Korea to focus its foreign policy on the Korean peninsula and Northeast Asia. By contrast, Japan under Prime Minister Abe has made an effort to garner more security partners and political support both within and outside of East Asia. China's foreign-policy vision under the leadership of Xi goes far beyond the immediate neighbourhood: its Silk Road Initiative encompasses Eurasia as well as Southeast and South Asia, and goes all the way to Africa via West Asia. These differences also have an impact on the importance that each country attributes to the trilateral format.

Whenever there is resentment in one or more of the three dyads, it is especially the level of “high politics” that suffers in the trilateral context: at least one side rejects summit meetings, whether bilateral or trilateral ones. In any case, topics that are sensitive for politics or security have been largely excluded from the three-way talks. Trilateral agreements primarily concern functional areas that are less politically sensitive, but even in these there have been no far-reaching implementations to date. Trilateral cooperation also tends to be directed inward, at collaborating with each other: except in economics, there are hardly any initiatives directed towards the whole East Asian region.

The usefulness of the trilateral format has so far been in maintaining channels of communication at

the working level even during times of heightened tensions, and in providing a platform for discussing common interests and exploring possibilities for high-ranking meetings. If the threeway format were further institutionalized, that might better protect it from the repercussions of bilateral tensions and conflicts.

#### Further Reading

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##### **Japan's Security Policy:**

##### **A Shift in Direction under Abe?**

SWP Research Paper 2/2015

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##### **Security Cooperation in East Asia:**

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#### Acronyms

ADIZ	Air Defense Identification Zone
AIB	Asian Infrastructure Investment Bank
APEC	Asia-Pacific Economic Cooperation
APT	ASEAN Plus Three
ASEAN	Association of Southeast Asian Nations
ASEAN+3	ASEAN countries plus China, Japan and South Korea
ASEAN+6	ASEAN countries plus China, Japan, South Korea, India, Australia, New Zealand
CAMPUS Asia	Collective Action for the Mobility Program of University Students in Asia
CDIS	Coordinated Direct Investment Survey
CRS	Congressional Research Service
EANET	Acid Deposition Monitoring Network in East Asia
EU	European Union
EUISS	European Union Institute for Security Studies (Paris)
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
FTAAP	Free Trade Area of the Asia-Pacific
GIGA	German Institute of Global and Area Studies (Hamburg)
GSOMIA	General Security of Military Information Agreement
ICS	Institute of Chinese Studies (Delhi)
IFANS	Institute of Foreign Affairs and National Security (Seoul)
IMF	International Monetary Fund
JETRO	Japan External Trade Organization
KAS	Konrad-Adenauer-Stiftung
LTP	Long-range Transboundary Air Pollution Project
NAFTA	North American Free Trade Agreement
NAPCI	Northeast Asia Peace and Cooperation Initiative
NATO	North Atlantic Treaty Organization
NTCT	Network of Trilateral Cooperation Think-Tanks
OECD	Organisation for Economic Co-operation and Development
RCEP	Regional Comprehensive Economic Partnership
ROK	Republic of Korea
SLBM	Submarine-launched ballistic missile
TCOG	Trilateral Cooperation and Oversight Group
TCS	Trilateral Cooperation Secretariat
THAAD	Terminal High Altitude Area Defense
TPDAP	Tripartite Policy Dialogue on Air Pollution
TPP	Trans-Pacific Partnership
TIIP	Transatlantic Trade and Investment Partnership
UNESCO	United Nations Educational, Scientific and Cultural Organization
USNI	U.S. Naval Institute